



Catalyzing Innovation for Healthy Aging

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

ALLIANCE FOR AGING RESEARCH

TABLE OF CONTENTS
DECEMBER 31, 2020 AND 2019

	<u>Pages</u>
Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5
Statement of Functional Expenses for the Year Ended December 31, 2020.....	6
Statement of Functional Expenses for the Year Ended December 31, 2019.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements	9-16

Independent Auditors' Report

Board of Directors
Alliance for Aging Research
Washington, D.C.

We have audited the accompanying financial statements of Alliance for Aging Research (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors consider 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 financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Aging Research as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Councilor, Buchanan & Mitchell, P.C.

Washington, D.C.
May 4, 2021

Certified Public Accountants

ALLIANCE FOR AGING RESEARCH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,264,629	\$ 450,925
Grants and Contributions Receivable	374,965	534,000
Investments	2,438,189	2,273,928
Prepaid Expenses	102,520	30,161
Total Current Assets	4,180,303	3,289,014
Deposits	14,855	14,855
Property and Equipment		
Furniture and Office Equipment	23,596	22,147
Office Equipment under Capital Lease	23,247	23,247
Computer Equipment and Software	41,483	39,245
Leasehold Improvements	67,566	67,566
Website	102,000	102,000
Total Property and Equipment	257,892	254,205
Less Accumulated Depreciation and Amortization	(168,168)	(138,520)
Net Property and Equipment	89,724	115,685
Total Assets	\$ 4,284,882	\$ 3,419,554
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 167,077	\$ 170,862
PPP Refundable Advance	211,742	-
Deferred Rent and Lease Incentive	12,450	8,952
Capital Lease Payable	4,168	4,216
Total Current Liabilities	395,437	184,030
Deferred Rent and Lease Incentive, Net of Current Portion	108,984	120,360
Capital Lease Payable, Net of Current Portion	-	4,820
Total Liabilities	504,421	309,210
Net Assets		
Without Donor Restrictions	2,689,241	2,329,835
With Donor Restrictions	1,091,220	780,509
Total Net Assets	3,780,461	3,110,344
Total Liabilities and Net Assets	\$ 4,284,882	\$ 3,419,554

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grants and Contributions	\$ 240,013	\$ 2,295,609	\$ 2,535,622	\$ 323,958	\$ 2,020,513	\$ 2,344,471
Donated Services	2,383,872	-	2,383,872	3,044,260	-	3,044,260
Annual Dinner	493,156	-	493,156	464,573	-	464,573
Interest and Dividend Income	47,364	-	47,364	54,910	-	54,910
Other Income	4,142	-	4,142	1,471	-	1,471
Net Assets Released from Restrictions	1,984,898	(1,984,898)	-	2,099,049	(2,099,049)	-
Total Revenues	5,153,445	310,711	5,464,156	5,988,221	(78,536)	5,909,685
Expenses						
Program	4,376,089	-	4,376,089	5,197,154	-	5,197,154
Management and General	338,938	-	338,938	302,353	-	302,353
Fundraising	209,227	-	209,227	249,391	-	249,391
Total Expenses	4,924,254	-	4,924,254	5,748,898	-	5,748,898
Change in Net Assets before						
Gain on Investments	229,191	310,711	539,902	239,323	(78,536)	160,787
Gain on Investments	130,215	-	130,215	244,709	-	244,709
Change in Net Assets	359,406	310,711	670,117	484,032	(78,536)	405,496
Net Assets, Beginning of Year	2,329,835	780,509	3,110,344	1,845,803	859,045	2,704,848
Net Assets, End of Year	\$ 2,689,241	\$ 1,091,220	\$ 3,780,461	\$ 2,329,835	\$ 780,509	\$ 3,110,344

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 637,072	\$ 330,543	\$ 107,686	\$ 1,075,301
Payroll Taxes	47,543	27,713	8,488	83,744
Benefits	75,353	39,097	12,737	127,187
Management Info Systems	5,267	25,723	28,106	59,096
Advertising and Marketing	2,450,842	12,077	2,609	2,465,528
Dues and Subscriptions	721	26,413	885	28,019
Audio/Visual	-	105	475	580
Consultants	319,417	9,082	-	328,499
Partnerships	119,500	-	-	119,500
Professional Fees	151,404	67,259	-	218,663
Honorariums	21,300	150	-	21,450
Donations	-	7,187	15,237	22,424
Rent	-	175,029	-	175,029
Supplies	107	4,341	-	4,448
Telephone	3,120	20,411	-	23,531
Printing	20,197	282	1,371	21,850
Depreciation and Amortization	-	30,384	-	30,384
Travel	5,036	332	504	5,872
Interest Expense	-	785	-	785
Bank Fees	-	2,181	-	2,181
Meetings/Events	34,286	3,249	31,075	68,610
Website Design	14,172	4,385	-	18,557
Other Expenses	1,668	13,832	54	15,554
Insurance	-	7,462	-	7,462
Overhead Allocated	469,084	(469,084)	-	-
Total Functional Expenses	\$ 4,376,089	\$ 338,938	\$ 209,227	\$ 4,924,254

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 734,296	\$ 257,350	\$ 91,070	\$ 1,082,716
Payroll Taxes	60,630	20,840	7,415	88,885
Benefits	83,780	29,363	10,391	123,534
Management Info Systems	5,509	28,882	8,179	42,570
Advertising and Marketing	2,617,705	15,994	615	2,634,314
Dues and Subscriptions	537	14,896	284	15,717
Audio/Visual	14,974	-	17,462	32,436
Consultants	378,791	12,258	17,887	408,936
Partnerships	60,000	-	-	60,000
Professional Fees	609,000	39,329	-	648,329
Honorariums	11,600	-	-	11,600
Donations	41,082	1,845	15,082	58,009
Rent	-	182,346	-	182,346
Supplies	229	5,363	312	5,904
Telephone	2,739	18,553	-	21,292
Printing	23,409	2,193	801	26,403
Depreciation and Amortization	-	31,678	-	31,678
Travel	29,714	5,940	3,175	38,829
Interest Expense	-	1,075	-	1,075
Bank Fees	4	3,242	290	3,536
Meetings/Events	108,805	7,624	75,699	192,128
Website Design	14,630	757	-	15,387
Other Expenses	1,046	14,676	729	16,451
Insurance	-	6,823	-	6,823
Overhead Allocated	398,674	(398,674)	-	-
Total Functional Expenses	\$ 5,197,154	\$ 302,353	\$ 249,391	\$ 5,748,898

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 670,117	\$ 405,496
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	30,384	31,678
Gain on Investments	(130,215)	(244,709)
<u>(Increase) Decrease in Assets</u>		
Grants and Contributions Receivable	159,035	(152,500)
Prepaid Expenses	(72,359)	(10,394)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(3,785)	(50,184)
PPP Refundable Advance	211,742	-
Deferred Rent and Lease Incentive	(7,878)	56,001
Net Cash Provided by Operating Activities	857,041	35,388
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	938,223	169,507
Purchases of Investments	(972,269)	(213,391)
Purchases of Property and Equipment	(4,423)	(12,000)
Net Cash Used in Investing Activities	(38,469)	(55,884)
Cash Flows from Financing Activities		
Principal Payments on Capital Lease Payable	(4,868)	(4,197)
Net Cash Used in Financing Activities	(4,868)	(4,197)
Net Increase (Decrease) in Cash and Cash Equivalents	813,704	(24,693)
Cash and Cash Equivalents, Beginning of Year	450,925	475,618
Cash and Cash Equivalents, End of Year	\$ 1,264,629	\$ 450,925

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Alliance for Aging Research (the Organization) is a nonprofit organization incorporated in the District of Columbia in 1986. The Organization is a leading national nonprofit organization dedicated to accelerating science through public and private funding of medical research and geriatric education to improve aging and health. The Organization is committed to helping Americans live longer, happier, more productive lives and actively reducing healthcare costs over the long term.

With this focus, for 35 years, the Organization has convened the world's leading medical experts, researchers, scientists, policymakers, and patient advocates to address health-related issues that impact older Americans. The Organization guides efforts to increase aging research funding, build influential coalitions, spearhead efforts to guide groundbreaking regulatory advancements and public policies. The Organization also creates award-winning educational materials on a variety of diseases and conditions. All of this is done to fulfill the Organization's mission and help improve the health and well-being of older adults and their family caregivers.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.

Financial Statement Presentation

The Organization has presented its financial statements in accordance with principles generally accepted in the United States of America. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - resources that are available for general operations and resources designated by the Organization's Board of Directors for approved expenditures.

Net Assets With Donor Restrictions - net assets with donor restrictions are resources that are subject to donor-imposed restriction. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity (endowment).

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities and is not considered a “private foundation” by the Internal Revenue Service.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions.

The Organization’s Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities generally for three years after filing.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include all cash and money market funds, except those held within its investment account.

Grants and Contributions Receivable

Unconditional grants and contributions receivable are recorded at their net realizable value. Amounts over ninety days past due are analyzed for collectability and when all collection efforts have been exhausted, the account is written off as bad debt expense. Management estimates that all receivables are fully collectible at December 31, 2020 and 2019. Therefore, no allowance for doubtful accounts has been recognized.

Investments

Investments consist of mutual funds, equities, bonds, and exchange-traded products that are recorded at fair value based on quoted market prices or from readily available sources for comparable instruments.

Property and Equipment

The Organization capitalizes all property and equipment acquisitions of \$1,000 and above. Property and equipment are recorded at cost, if purchased, or at fair market value at the date of donation, if contributed. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term. Expenditures for maintenance and repairs are charged to expense as incurred.

Grants and Contributions

Unconditional grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions (Continued)

the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions received are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition is met.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Annual Dinner

Annual dinner sponsorships are recorded as donor restricted if received in advance of the fiscal year of the event. Amounts of donor-restricted contributions are subsequently released to net assets without donor restrictions in the year of the event.

Functional Allocation of Expenses

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, benefits, and general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

2. RELATED PARTY TRANSACTIONS

Members of the Board of Directors made contributions to the Organization totaling \$255,000 and \$302,500 for the years ended December 31, 2020 and 2019, respectively. Outstanding amounts related to these contributions are included in grants and contributions receivable and totaled \$20,000 and \$87,500 at December 31, 2020 and 2019, respectively.

The Organization also received grants and sponsorships from companies or individuals who employ or are otherwise affiliated with the Board of Directors in the amount of \$552,303 and \$1,406,500 for the years ended December 31, 2020 and 2019, respectively. The outstanding amounts related to these grants and sponsorships are included in grants and contributions receivable and totaled \$175,000 and \$371,500 at December 31, 2020 and 2019, respectively.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. ADOPTION OF ACCOUNTING STANDARDS

Adoption of New Accounting Pronouncements in 2019

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted on a modified prospective basis in 2019 for all contracts open at the adoption date. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

During the year ended December 31, 2019, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

4. CONCENTRATIONS

The Organization maintains cash balances with a financial institution which at times during the year exceeded the Federal Deposit Insurance Corporation insurance limit. Management believes the risk in these situations to be minimal.

As of December 31, 2020, two donors comprised approximately 52% of grants and contributions receivable. As of December 31, 2019, two donors comprised approximately 54% of grants and contributions receivable.

5. DONATED SERVICES

For the year ended December 31, 2020, the fair value of donated services is included in donated services in the statements of activities.

The expenses for the year ended December 31, 2020, are as follows:

	Program	Management and General	Fundraising	Total
Special Events	\$ -	\$ 600	\$ -	\$ 600
Advertising and Marketing	2,216,868	-	-	2,216,868
Donations	-	-	15,000	15,000
Professional Fees	151,404	-	-	151,404
Total Donated Services	<u>\$ 2,368,272</u>	<u>\$ 600</u>	<u>\$ 15,000</u>	<u>\$ 2,383,872</u>

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

5. DONATED SERVICES (CONTINUED)

For the year ended December 31, 2019, the fair value of donated services is included in donated services in the statements of activities. The expenses for the year ended December 31, 2019, are as follows:

	Program	Management and General	Fundraising	Total
Special Events	\$ -	\$ 728	\$ -	\$ 728
Advertising and Marketing	2,419,532	-	-	2,419,532
Donations	-	-	15,000	15,000
Professional Fees	609,000	-	-	609,000
Total Donated Services	<u>\$ 3,028,532</u>	<u>\$ 728</u>	<u>\$ 15,000</u>	<u>\$ 3,044,260</u>

6. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities or mutual funds);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split-interest agreements).

Financial Risk

The Organization invests in professionally managed portfolios that contain mutual funds, stocks and bonds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements.

The following presents the Organization's assets and liabilities measured at fair value as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 203,983	\$ -	\$ -	\$ 203,983
Mutual Funds - Stock Funds	1,236,644	-	-	1,236,644
Mutual Funds - Bond Funds	685,653	-	-	685,653
Exchange Traded Products	49,612	-	-	49,612
Bonds	-	136,633	-	136,633
Common Stock	125,664	-	-	125,664
	<u>\$ 2,301,556</u>	<u>\$ 136,633</u>	<u>\$ -</u>	<u>\$ 2,438,189</u>

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents the Organization's assets and liabilities measured at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 78,917	\$ -	\$ -	\$ 78,917
Mutual Funds - Stock Funds	1,287,759	-	-	1,287,759
Mutual Funds - Bond Funds	782,901	-	-	782,901
Exchange Traded Products	124,351	-	-	124,351
	<u>\$ 2,273,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,928</u>

7. CONDITIONAL CONTRIBUTION AND PPP REFUNDABLE ADVANCE

During 2020, the Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$211,742. The PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven. The Organization met the criteria for loan forgiveness subsequent to year-end, as discussed in Note 15 of the financial statements. However, the Organization is accounting for this SBA loan as a conditional contribution since repayment had not been waived at December 31, 2020, and as such, the loan proceeds are included in PPP refundable advance on the statement of financial position.

8. NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Subject to Expenditures for Specific Purpose</u>	<u>2020</u>	<u>2019</u>
Health Education	\$ 598,448	\$ 662,194
Public Policy	492,772	118,315
Total Purpose Restrictions	<u>\$ 1,091,220</u>	<u>\$ 780,509</u>

9. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2020 and 2019:

<u>Subject to Expenditures for Specific Purpose</u>	<u>2020</u>	<u>2019</u>
Health Education	\$ 967,448	\$ 793,199
Public Policy	1,017,450	1,305,850
Total Releases	<u>\$ 1,984,898</u>	<u>\$ 2,099,049</u>

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

10. LEASES

Operating Lease

The Organization is obligated under a lease for office space through April 15, 2026. Under the terms of the Lease, the base rent increases annually based on scheduled increases provided for in the Lease. In addition, the lessor provided lease incentives totaling approximately \$66,000.

Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the Lease. Lease incentives are amortized over the life of the Lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments, as well as any unamortized lease incentives, are reflected as deferred rent and lease incentive in the accompanying statement of financial position.

Future minimum payments under this lease are as follows:

<u>For the Years Ending December 31,</u>	<u>Minimum Lease Payments</u>
2021	\$ 187,473
2022	192,160
2023	196,964
2024	201,888
2025	206,935
Thereafter	61,801
Total	<u><u>\$ 1,047,221</u></u>

Capital Lease

The Organization is the lessee of certain office equipment under a capital lease. The Organization is obligated under the capital lease through 2021. The asset and liability under the capital lease is recorded at the present value of the minimum lease payments. The asset is amortized over the lesser of the estimated useful life or the lease term. Amortization of the asset under the capital lease is included in depreciation and amortization expense. The accumulated amortization was approximately \$20,000 and \$15,000 as of December 31, 2020 and 2019, respectively.

Future minimum lease payments under the capital lease as of December 31, 2020, are as follows:

<u>For the Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2021	<u>\$ 4,420</u>
Total Minimum Lease Payments	4,420
Less Amount Representing Interest	<u>(252)</u>
Present Value of Total Minimum Lease Payments	<u><u>\$ 4,168</u></u>

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

11. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonal variations due to the timing of grants, contributions, and vendor payments. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due. Excess cash flows not needed for day-to-day operations are invested.

As of December 31, 2020 and 2019, the following financial assets and liquidity sources are available for general operating expenditures for the years ending December 31, 2021 and 2020:

<i>Financial Assets at Year End</i>	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,264,629	\$ 450,925
Grants and Contributions Receivable	374,965	534,000
Investments	2,438,189	2,273,928
Less Amounts for Donor Purpose Restrictions	<u>(1,091,220)</u>	<u>(780,509)</u>
Total Financial Assets and Liquidity Resources Available within One Year	<u>\$ 2,986,563</u>	<u>\$ 2,478,344</u>

12. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan (the Plan) which covers all eligible employees. Employees may make elective deferrals to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Organization is required to match participant contributions at a rate not to exceed 4% of the participant's compensation. During the years ended December 31, 2020 and 2019, the Organization made contributions of approximately \$41,700 and \$30,700, respectively, to the Plan.

13. EMPLOYMENT AGREEMENT

The Organization entered into an employment agreement (the Agreement) with its President and Chief Executive Officer (CEO) that provides for annual salary and fringe benefits. The Agreement is effective beginning January 1, 2020 and renews annually for additional one-year periods unless cancelled. If the agreement is terminated early by the Organization, the CEO will receive a minimum of three and a maximum of twelve months of full compensation based upon the years of tenure.

14. CONTINGENCIES

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

15. SUBSEQUENT EVENTS

During March of 2021, the Small Business Administration (SBA) waived repayment of the Organization's SBA loan under the Paycheck Protection Program (PPP) in the amount of \$211,742.

The Organization has evaluated subsequent events through May 4, 2021, the date on which the financial statements were available to be issued.