



Catalyzing Innovation for Healthy Aging

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

ALLIANCE FOR AGING RESEARCH

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DECEMBER 31, 2021 AND 2020**

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Alliance for Aging Research (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
May 18, 2022

Certified Public Accountants

ALLIANCE FOR AGING RESEARCH
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 917,731	\$ 1,264,629
Grants and Contributions Receivable	668,500	374,965
Investments	3,529,431	2,438,189
Prepaid Expenses	29,672	102,520
Total Current Assets	<u>5,145,334</u>	<u>4,180,303</u>
Deposits	14,855	14,855
Investment for Deferred Compensation	20,000	-
Property and Equipment		
Furniture and Office Equipment	23,596	23,596
Office Equipment under Capital Lease	14,714	23,247
Computer Equipment and Software	28,096	41,483
Leasehold Improvements	67,566	67,566
Website	177,750	102,000
Total Property and Equipment	<u>311,722</u>	<u>257,892</u>
Less Accumulated Depreciation and Amortization	<u>(151,337)</u>	<u>(168,168)</u>
Net Property and Equipment	<u>160,385</u>	<u>89,724</u>
Total Assets	<u>\$ 5,340,574</u>	<u>\$ 4,284,882</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 260,729	\$ 167,077
PPP Refundable Advance	-	211,742
Deferred Rent and Lease Incentive	17,138	12,450
Capital Lease Payable	2,651	4,168
Total Current Liabilities	<u>280,518</u>	<u>395,437</u>
Deferred Compensation Payable	20,000	-
Deferred Rent and Lease Incentive, Net of Current Portion	91,845	108,984
Capital Lease Payable, Net of Current Portion	11,196	-
Total Liabilities	<u>403,559</u>	<u>504,421</u>
Net Assets		
Without Donor Restrictions	3,429,223	2,689,241
With Donor Restrictions	1,507,792	1,091,220
Total Net Assets	<u>4,937,015</u>	<u>3,780,461</u>
Total Liabilities and Net Assets	<u>\$ 5,340,574</u>	<u>\$ 4,284,882</u>

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grants and Contributions	\$ 541,130	\$ 3,209,256	\$ 3,750,386	\$ 240,013	\$ 2,295,609	\$ 2,535,622
Donated Services	2,481,264	-	2,481,264	2,368,872	-	2,368,872
Annual Event	514,708	-	514,708	508,156	-	508,156
Interest and Dividend Income	54,174	-	54,174	47,364	-	47,364
Other Income	6,023	-	6,023	4,142	-	4,142
Net Assets Released from Restrictions	2,792,684	(2,792,684)	-	1,984,898	(1,984,898)	-
Total Revenues	6,389,983	416,572	6,806,555	5,153,445	310,711	5,464,156
Expenses						
Program	5,367,256	-	5,367,256	4,376,089	-	4,376,089
Management and General	386,495	-	386,495	338,938	-	338,938
Fundraising	164,763	-	164,763	209,227	-	209,227
Total Expenses	5,918,514	-	5,918,514	4,924,254	-	4,924,254
Change in Net Assets before						
Gain on Investments	471,469	416,572	888,041	229,191	310,711	539,902
Gain on Investments	268,513	-	268,513	130,215	-	130,215
Change in Net Assets	739,982	416,572	1,156,554	359,406	310,711	670,117
Net Assets, Beginning of Year	2,689,241	1,091,220	3,780,461	2,329,835	780,509	3,110,344
Net Assets, End of Year	\$ 3,429,223	\$ 1,507,792	\$ 4,937,015	\$ 2,689,241	\$ 1,091,220	\$ 3,780,461

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 740,840	\$ 281,953	\$ 97,285	\$ 1,120,078
Payroll Taxes	58,007	23,078	7,680	88,765
Benefits	100,799	38,363	13,237	152,399
Management Info Systems	4,470	30,519	6,105	41,094
Advertising and Marketing	2,733,669	15,875	6,255	2,755,799
Dues and Subscriptions	19,927	29,376	908	50,211
Audio/Visual	157	-	111	268
Consultants	683,781	37,555	-	721,336
Partnerships	323,020	-	-	323,020
Professional Fees	163,659	50,778	-	214,437
Honorariums	63,950	-	-	63,950
Donations	198	3,541	-	3,739
Sponsorships	20,000	-	-	20,000
Rent	-	179,230	-	179,230
Supplies	-	2,566	-	2,566
Telephone	49	19,998	-	20,047
Printing	7,458	415	1,850	9,723
Depreciation and Amortization	-	45,695	-	45,695
Travel	6,389	906	24	7,319
Interest Expense	-	370	-	370
Bank Fees	-	1,818	203	2,021
Meetings/Events	23,967	1,851	23,661	49,479
Website Design	22,337	4,157	7,000	33,494
Other Expenses	3,223	4,458	444	8,125
Insurance	-	5,349	-	5,349
Overhead Allocated	391,356	(391,356)	-	-
Total Functional Expenses	\$ 5,367,256	\$ 386,495	\$ 164,763	\$ 5,918,514

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	10,031	41,021
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	49,150	86,685
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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,156,554	\$ 670,117
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	45,695	30,384
Gain on Investments	(268,513)	(130,215)
Loss on Disposal of Property and Equipment	8,698	-
(Increase) Decrease in Assets		
Grants and Contributions Receivable	(293,535)	159,035
Prepaid Expenses	72,848	(72,359)
Investment for Deferred Compensation	(20,000)	-
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	93,652	(3,785)
PPP Refundable Advance	(211,742)	211,742
Deferred Rent and Lease Incentive	(12,451)	(7,878)
Deferred Compensation Payable	20,000	-
Net Cash Provided by Operating Activities	591,206	857,041
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	419,786	938,223
Purchases of Investments	(1,242,515)	(972,269)
Purchases of Property and Equipment	(110,340)	(4,423)
Net Cash Used in Investing Activities	(933,069)	(38,469)
Cash Flows from Financing Activities		
Principal Payments on Capital Lease Payable	(5,035)	(4,868)
Net Cash Used in Financing Activities	(5,035)	(4,868)
Net (Decrease) Increase in Cash and Cash Equivalents	(346,898)	813,704
Cash and Cash Equivalents, Beginning of Year	1,264,629	450,925
Cash and Cash Equivalents, End of Year	\$ 917,731	\$ 1,264,629

Noncash Transaction from Investing and Financing Activities

During the year ended December 31, 2021, the Organization entered into a new capital lease agreement for certain office equipment valued at approximately \$14,700.

See accompanying Notes to Financial Statements.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 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, 2021 AND 2020

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, 2021 and 2020. 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, 2021 AND 2020

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 statements 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 Event

Annual event 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 statements of activities and the statements 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 salaries, 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 \$257,500 and \$255,000 for the years ended December 31, 2021 and 2020, respectively. Grants and contributions receivable include \$20,000 of amounts due from members of the Board of Directors as of December 31, 2020.

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 \$1,261,500 and \$552,303 for the years ended December 31, 2021 and 2020, respectively. The outstanding amounts related to these grants and sponsorships are included in grants and contributions receivable and totaled \$30,000 and \$175,000 at December 31, 2021 and 2020, respectively.

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

3. 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, 2021, one donor comprised approximately 50% of grants and contributions receivable. As of December 31, 2020, two donors comprised approximately 52% of grants and contributions receivable. For the year ended December 31, 2021, one donor accounted for approximately 18% of grants and contributions revenue.

4. DONATED SERVICES

For the year ended December 31, 2021, the fair value of donated services is included in donated services in the statements of activities.

The expenses for the year ended December 31, 2021, are as follows:

	Program	Management and General	Total
Meetings/Events	\$ -	\$ 550	\$ 550
Advertising and Marketing	2,317,055	-	2,317,055
Professional Fees	163,659	-	163,659
Total Donated Services	\$ 2,480,714	\$ 550	\$ 2,481,264

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	Total
Meetings/Events	\$ -	\$ 600	\$ 600
Advertising and Marketing	2,216,868	-	2,216,868
Professional Fees	151,404	-	151,404
Total Donated Services	\$ 2,368,272	\$ 600	\$ 2,368,872

5. 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);

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

5. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 127,631	\$ -	\$ -	\$ 127,631
Mutual Funds - Stock Funds	1,586,257	-	-	1,586,257
Mutual Funds - Bond Funds	1,064,107	-	-	1,064,107
Exchange Traded Products	45,769	-	-	45,769
Bonds	-	380,781	-	380,781
Equities	324,886	-	-	324,886
Total Investments	3,148,650	380,781	-	3,529,431
Investment for Deferred Compensation	20,000	-	-	20,000
Total Assets at Fair Value	\$ 3,168,650	\$ 380,781	\$ -	\$ 3,549,431
Deferred Compensation Payable	\$ 20,000	\$ -	\$ -	\$ 20,000
Total Liabilities at Fair Value	\$ 20,000	\$ -	\$ -	\$ 20,000

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
Equities	-	136,633	-	136,633
Common Stock	125,664	-	-	125,664
Total Assets at Fair Value	\$ 2,301,556	\$ 136,633	\$ -	\$ 2,438,189

The Organization's Level 2 investments are based on readily available pricing sources for comparable investments.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

6. **SMALL BUSINESS ADMINISTRATION PPP LOAN PROCEEDS**

During 2020, the Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$211,742. During the year ended December 31, 2021, the loan was forgiven. The loan proceeds are included in grants and contributions without donor restrictions on the statements of activities for the year ended December 31, 2021.

7. **NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, net assets with donor restrictions are available for the following purposes:

<u>Purpose Restriction</u>	<u>2021</u>	<u>2020</u>
Health Education	\$ 1,212,295	\$ 598,448
Public Policy	295,497	492,772
Total Purpose Restrictions	<u>\$ 1,507,792</u>	<u>\$ 1,091,220</u>

8. **NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or other events specified by donors as follows for the years ended December 31, 2021 and 2020:

<u>Purpose Restriction</u>	<u>2021</u>	<u>2020</u>
Health Education	\$ 1,121,874	\$ 967,448
Public Policy	1,670,810	1,017,450
Total Releases	<u>\$ 2,792,684</u>	<u>\$ 1,984,898</u>

9. **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 statements of financial position.

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

9. LEASES (CONTINUED)

Operating Lease (Continued)

Future minimum payments under this lease are as follows:

<u>For the Years Ending December 31,</u>	<u>Minimum Lease Payments</u>
2022	\$ 192,160
2023	196,964
2024	201,888
2025	206,935
2026	<u>61,801</u>
Total	<u>\$ 859,748</u>

Capital Lease

During 2021, the Organization entered into a new capital lease agreement for certain office equipment and is obligated through 2026. 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 under the new capital lease was approximately \$3,000 as of December 31, 2021. The accumulated amortization under the old lease, which expired in 2021, was approximately \$23,000 as of December 31, 2020.

Future minimum lease payments under the capital lease as of December 31, 2021, are as follows:

<u>For the Years Ending December 31,</u>	<u>Minimum Lease Payments</u>
2022	\$ 3,036
2023	3,036
2024	3,036
2025	3,036
2026	<u>2,783</u>
Total Minimum Lease Payments	14,927
Less Amount Representing Interest	<u>(1,080)</u>
Present Value of Total Minimum Lease Payments	<u>\$ 13,847</u>

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonal variations due to the timing of grants and 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.

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

10. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As of December 31, 2021 and 2020, the following financial assets and liquidity sources are available for general operating expenditures for the years ending December 31, 2022 and 2021:

<i>Financial Assets at Year End</i>	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 917,731	\$ 1,264,629
Grants and Contributions Receivable	668,500	374,965
Investments	3,529,431	2,438,189
Less Amounts for Donor Purpose Restrictions	<u>(1,507,792)</u>	<u>(1,091,220)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,607,870</u>	<u>\$ 2,986,563</u>

11. RETIREMENT PLANS

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, 2021 and 2020, the Organization made contributions of approximately \$56,000 and \$41,700, respectively, to the Plan.

In 2021, the Organization adopted a Section 457(b) Plan (the 457 Plan), a non-qualified deferred compensation plan for the purpose of providing benefits to certain selected employees. Eligible employees include persons whose employer-provided benefits under the Organization's 457 Plan are limited by compensation cap provisions in the Internal Revenue Code. The Organization may make discretionary contributions to the 457 Plan. The Organization is not liable for any specific investment success nor is it required to restore any loss of principal that may occur due to market conditions. Under current law, such funds remain the assets of the Organization and, as such, are subject to the creditors of the Organization. The Organization contributed \$20,000 to the 457 Plan for the year ended December 31, 2021.

12. 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.

13. 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.

ALLIANCE FOR AGING RESEARCH

**NOTES TO FINANCIAL STATEMENTS
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14. CONDITIONAL GRANTS AND CONTRIBUTIONS

The Organization received a conditional grant in the amount of \$250,000. \$162,500 has not been recorded as grants and contributions revenue, as the required criteria under generally accepted accounting principles have not been met as of December 31, 2021. The barriers which must be met for revenue recognition require the Organization to host certain virtual training events.

15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May, 18, 2022, the date on which the financial statements were available to be issued.