



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**ALLIANCE FOR AGING RESEARCH**

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DECEMBER 31, 2023 AND 2022**

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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 Alliance for Aging Research (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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.*

Bethesda, Maryland  
April 23, 2024

Certified Public Accountants

**ALLIANCE FOR AGING RESEARCH**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>Assets</b>		
Cash and Cash Equivalents	\$ 632,289	\$ 798,786
Grants and Contributions Receivable	347,875	650,000
Investments	3,912,049	3,513,684
Prepaid Expenses	94,090	59,276
Deposits	14,855	14,855
Investment for Deferred Compensation	22,500	40,000
Operating Right-of-Use Asset	397,969	564,553
Finance Right-of-Use Asset, Net	7,408	9,948
Property and Equipment, Net	93,639	136,070
<b>Total Assets</b>	<b>\$ 5,522,674</b>	<b>\$ 5,787,172</b>
<b>Liabilities and Net Assets</b>		
Accounts Payable and Accrued Expenses	\$ 222,924	\$ 194,912
Operating Lease Liability	464,336	654,629
Finance Lease Liability	8,685	11,584
Deferred Compensation Payable	22,500	40,000
Total Liabilities	718,445	901,125
<b>Net Assets</b>		
Without Donor Restrictions	3,766,669	3,196,355
With Donor Restrictions	1,037,560	1,689,692
Total Net Assets	4,804,229	4,886,047
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,522,674</b>	<b>\$ 5,787,172</b>

*See accompanying Notes to Financial Statements.*

**ALLIANCE FOR AGING RESEARCH**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grants and Contributions	\$ 550,444	\$ 2,736,500	\$ 3,286,944	\$ 214,145	\$ 3,252,180	\$ 3,466,325
Donated Services	10,639,792	-	10,639,792	2,792,066	-	2,792,066
Annual Event	623,125	-	623,125	605,893	-	605,893
Interest and Dividend Income	118,992	-	118,992	70,076	-	70,076
Other Income	11,162	-	11,162	6,100	-	6,100
Net Assets Released from Restrictions	3,388,632	(3,388,632)	-	3,070,280	(3,070,280)	-
<b>Total Revenues</b>	<b>15,332,147</b>	<b>(652,132)</b>	<b>14,680,015</b>	<b>6,758,560</b>	<b>181,900</b>	<b>6,940,460</b>
<b>Expenses</b>						
Program	14,371,617	-	14,371,617	6,079,830	-	6,079,830
Management and General	349,343	-	349,343	138,339	-	138,339
Fundraising	348,877	-	348,877	295,598	-	295,598
<b>Total Expenses</b>	<b>15,069,837</b>	<b>-</b>	<b>15,069,837</b>	<b>6,513,767</b>	<b>-</b>	<b>6,513,767</b>
Change in Net Assets before Gain (Loss) on Investments	262,310	(652,132)	(389,822)	244,793	181,900	426,693
Gain (Loss) on Investments	308,004	-	308,004	(477,661)	-	(477,661)
Change in Net Assets	570,314	(652,132)	(81,818)	(232,868)	181,900	(50,968)
Net Assets, Beginning of Year	3,196,355	1,689,692	4,886,047	3,429,223	1,507,792	4,937,015
<b>Net Assets, End of Year</b>	<b>\$ 3,766,669</b>	<b>\$ 1,037,560</b>	<b>\$ 4,804,229</b>	<b>\$ 3,196,355</b>	<b>\$ 1,689,692</b>	<b>\$ 4,886,047</b>

See accompanying Notes to Financial Statements.

**ALLIANCE FOR AGING RESEARCH**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,009,443	\$ 444,020	\$ 116,465	\$ 1,569,928
Payroll Taxes	74,410	33,675	8,590	116,675
Benefits	111,331	62,750	-	174,081
Management Info Systems	701	36,185	12,069	48,955
Advertising and Marketing	10,799,010	25,711	12,927	10,837,648
Dues and Subscriptions	24,697	27,191	150	52,038
Audio/Visual	31,112	1,099	30,454	62,665
Consultants	746,185	-	-	746,185
Partnerships	217,000	-	-	217,000
Professional Fees	474,192	71,216	-	545,408
Honorariums	24,233	-	-	24,233
Donations	2,544	-	-	2,544
Sponsorships	37,500	-	-	37,500
Operating Lease Expense	-	173,253	-	173,253
Supplies	-	689	1,916	2,605
Telephone	-	13,515	-	13,515
Printing	7,866	-	1,306	9,172
Depreciation and Amortization	-	47,570	-	47,570
Travel	26,785	8,219	4,743	39,747
Interest Expense	-	137	-	137
Bank Fees	-	1,836	438	2,274
Meetings/Events	147,541	6,723	159,340	313,604
Website Design	5,034	3,333	-	8,367
Other Expenses	10,245	3,436	479	14,160
Insurance	-	10,573	-	10,573
Overhead Allocated	621,788	(621,788)	-	-
<b>Total Functional Expenses</b>	<b>\$ 14,371,617</b>	<b>\$ 349,343</b>	<b>\$ 348,877</b>	<b>\$ 15,069,837</b>

*See accompanying Notes to Financial Statements.*

**ALLIANCE FOR AGING RESEARCH**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 930,816	\$ 303,726	\$ 110,896	\$ 1,345,438
Payroll Taxes	70,391	26,180	8,513	105,084
Benefits	124,664	20,706	2,246	147,616
Management Info Systems	3,651	30,395	20,280	54,326
Advertising and Marketing	3,014,434	19,770	1,512	3,035,716
Dues and Subscriptions	28,151	20,373	865	49,389
Audio/Visual	17,443	357	27,183	44,983
Consultants	681,213	-	-	681,213
Partnerships	131,000	-	-	131,000
Professional Fees	212,632	70,455	-	283,087
Honorariums	49,800	-	-	49,800
Donations	41,000	-	-	41,000
Sponsorships	35,000	-	-	35,000
Operating Lease Expense	-	173,253	-	173,253
Supplies	146	1,304	696	2,146
Telephone	-	19,456	-	19,456
Printing	10,360	500	6,785	17,645
Depreciation and Amortization	-	44,224	-	44,224
Travel	14,936	5,654	2,763	23,353
Interest Expense	-	176	-	176
Bank Fees	53	1,600	566	2,219
Meetings/Events	35,588	9,421	111,957	156,966
Website Design	21,358	10,496	-	31,854
Other Expenses	22,811	4,459	1,336	28,606
Insurance	364	9,853	-	10,217
Overhead Allocated	634,019	(634,019)	-	-
<b>Total Functional Expenses</b>	<b>\$ 6,079,830</b>	<b>\$ 138,339</b>	<b>\$ 295,598</b>	<b>\$ 6,513,767</b>

*See accompanying Notes to Financial Statements.*



**ALLIANCE FOR AGING RESEARCH**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (81,818)	\$ (50,968)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	47,570	44,224
(Gain) Loss on Investments	(308,004)	477,661
Operating Lease Expense	173,253	173,253
<u>(Increase) Decrease in Assets</u>		
Grants and Contributions Receivable	302,125	18,500
Prepaid Expenses	(34,814)	(29,604)
Investment for Deferred Compensation	17,500	(20,000)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	28,012	(65,817)
Operating Lease Liability	(196,962)	(192,160)
Deferred Compensation Payable	(17,500)	20,000
Net Cash (Used in) Provided by Operating Activities	<u>(70,638)</u>	375,089
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	485,281	845,019
Purchases of Investments	(575,642)	(1,306,933)
Purchases of Property and Equipment	(2,599)	(29,260)
Net Cash Used in Investing Activities	<u>(92,960)</u>	(491,174)
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Finance Lease Liability	(2,899)	(2,860)
Net Cash Used in Financing Activities	<u>(2,899)</u>	(2,860)
Net Decrease in Cash and Cash Equivalents	(166,497)	(118,945)
Cash and Cash Equivalents, Beginning of Year	<u>798,786</u>	<u>917,731</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 632,289</u>	<u>\$ 798,786</u>
<b>Noncash Transactions from Investing and Financing Activities</b>		
Establishment of Operating Right-of-Use Asset	\$ -	\$ 728,875
Establishment of Finance Right-of-Use Asset	-	12,488
Establishment of Operating Lease Liability	-	837,858
Establishment of Finance Lease Liability	-	14,444

*See accompanying Notes to Financial Statements.*

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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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 the leading nonprofit organization dedicated to changing the narrative to achieve healthy aging and equitable access to care. The Organization strives for a culture that embraces healthy aging as a greater good and values science and investments to advance dignity, independence, and equity.

For more than 35 years, the Organization has guided efforts to substantially increase funding and focus for aging at the National Institutes of Health and Food and Drug Administration; built influential coalitions to guide groundbreaking regulatory improvements for age-related diseases; and created award-winning, high-impact educational materials to improve the health and well-being of older adults and their family caregivers.

*Financial Statement Presentation*

The Organization has presented its financial statements in accordance with accounting 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.

*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.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

*Income Tax Status (Continued)*

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. All amounts are due within less than one year. Management estimates that all receivables are fully collectible at December 31, 2023 and 2022. Therefore, no allowance for doubtful accounts has been recognized.

*Investments*

Investments consist of money markets, 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.

*Right-of-Use Assets and Lease Liabilities*

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization’s right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

*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 and is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. 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 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.

*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 contain both an exchange transaction element and an unconditional contribution element. The portion of annual event sponsorships attributable to ticket sales and other benefits are considered exchange transactions and are recognized at a point in time when the annual event occurs. The remaining portion is considered an unconditional contribution and is recognized when pledged. Unconditional contributions related to annual event sponsorships are considered 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.

The following presents the breakout of exchange transactions and unconditional contributions for annual event sponsorships for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Exchange Transactions - Recognized at a Point in Time	\$ 61,250	\$ 57,718
Unconditional Contribution - Recognized when Pledged	<u>561,875</u>	<u>548,175</u>
Total Annual Event Revenue	<u>\$ 623,125</u>	<u>\$ 605,893</u>

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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

*Advertising and Marketing*

Advertising and marketing costs are expensed as incurred.

*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, payroll taxes, 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.

*Reclassifications*

Certain 2022 amounts have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATES

*Accounting Standard Update 2016-02*

During the year ended December 31, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in *Topic 840*. The Organization also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statements of financial position.

The Organization adopted *Leases (Topic 842)* effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating right-of-use asset and lease liability totaling approximately \$729,000 and \$838,000, respectively, was recognized as of January 1, 2022. Existing deferred rent and lease incentive of approximately \$109,000 as of January 1, 2022, is included as a reduction to the initial measurement of the right-of-use asset for the operating lease. In addition, a finance right-of-use asset and lease liability totaling approximately \$12,500 and \$14,500, respectively, was recognized as of January 1, 2022.

ALLIANCE FOR AGING RESEARCH

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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**2. ADOPTION OF ACCOUNTING STANDARDS UPDATES (CONTINUED)**

*Accounting Standard Update 2020-07*

During the year ended December 31, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofits through enhancements to presentation and disclosure. Specifically, the ASU addresses the lack of transparency surrounding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in programs and other activities. Management believes that the adoption of this ASU enhances the transparency of financial information among nonprofit entities. The change in accounting principle was applied on a retrospective basis. The impact of adoption was not material to the financial statements, however, the presentation and disclosure of contributed nonfinancial assets has been enhanced.

**3. RELATED PARTY TRANSACTIONS**

Members of the Board of Directors made contributions to the Organization totaling \$214,250 and \$245,750 for the years ended December 31, 2023 and 2022, respectively. Grants and contributions receivable include \$35,000 of amounts due from members of the Board of Directors as of December 31, 2022.

The Organization received grants and sponsorships from companies or individuals who employ or are otherwise affiliated with the Board of Directors in the amount of \$821,050 and \$754,800 for the years ended December 31, 2023 and 2022, respectively. The outstanding amounts related to these grants and sponsorships are included in grants and contributions receivable and totaled \$232,875 and \$30,000 at December 31, 2023 and 2022, respectively.

The Organization made payments to companies who employ or are otherwise affiliated with the Board of Directors in the amount of \$52,000 for the year ended December 31, 2023.

**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, 2023, two donors comprised approximately 65% of grants and contributions receivable. As of December 31, 2022, two donors comprised approximately 69% of grants and contributions receivable.

**5. DONATED SERVICES**

For the years ended December 31, 2023 and 2022, the fair value of donated services is included in donated services in the statements of activities. The value of donated services are based on current market rates for similar services. All donated services received by the Organization for the year ended December 31, 2023, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Directors and management.

**ALLIANCE FOR AGING RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**5. DONATED SERVICES (CONTINUED)**

For the years ended December 31, 2023 and 2022, the Organization was provided Public Service Announcements (PSAs) related to its various programs. The value of these PSAs was estimated based on the type, time duration, and market for the PSAs. During the year ended December 31, 2023, the Organization reviewed the methods, assumptions, and data used to develop the estimate. This review resulted in a change in the methodology. The change in methodology for the year ended December 31, 2023, resulted in an additional \$5,465,000 of revenue and expense being reported. There is no impact on the change in net assets for the year ended December 31, 2023, as both revenue and expenses were increased by this amount.

The expenses for the year ended December 31, 2023, are as follows:

	Program	Management and General	Total
Advertising and Marketing	\$ 10,165,600	\$ -	\$ 10,165,600
Professional Fees	474,192	-	474,192
Total Donated Services	\$ 10,639,792	\$ -	\$ 10,639,792

The expenses for the year ended December 31, 2022, are as follows:

	Program	Management and General	Total
Advertising and Marketing	\$ 2,579,434	\$ -	\$ 2,579,434
Professional Fees	212,632	-	212,632
Total Donated Services	\$ 2,792,066	\$ -	\$ 2,792,066

**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).

**ALLIANCE FOR AGING RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**6. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following presents the Organization's assets and liabilities measured at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 182,029	\$ -	\$ -	\$ 182,029
Mutual Funds - Stock Funds	1,461,792	-	-	1,461,792
Mutual Funds - Bond Funds	1,006,460	-	-	1,006,460
Exchange Traded Products	233,871	-	-	233,871
Bonds	-	589,829	-	589,829
Equities	438,068	-	-	438,068
<b>Total Investments</b>	<b>3,322,220</b>	<b>589,829</b>	<b>-</b>	<b>3,912,049</b>
Investment for Deferred Compensation	22,500	-	-	22,500
<b>Total Assets at Fair Value</b>	<b>\$ 3,344,720</b>	<b>\$ 589,829</b>	<b>\$ -</b>	<b>\$ 3,934,549</b>
Deferred Compensation Payable	\$ 22,500	\$ -	\$ -	\$ 22,500
<b>Total Liabilities at Fair Value</b>	<b>\$ 22,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,500</b>

The following presents the Organization's assets and liabilities measured at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 142,912	\$ -	\$ -	\$ 142,912
Mutual Funds - Stock Funds	1,248,462	-	-	1,248,462
Mutual Funds - Bond Funds	875,509	-	-	875,509
Exchange Traded Products	308,841	-	-	308,841
Bonds	-	574,897	-	574,897
Equities	363,063	-	-	363,063
<b>Total Investments</b>	<b>2,938,787</b>	<b>574,897</b>	<b>-</b>	<b>3,513,684</b>
Investment for Deferred Compensation	40,000	-	-	40,000
<b>Total Assets at Fair Value</b>	<b>\$ 2,978,787</b>	<b>\$ 574,897</b>	<b>\$ -</b>	<b>\$ 3,553,684</b>
Deferred Compensation Payable	\$ 40,000	\$ -	\$ -	\$ 40,000
<b>Total Liabilities at Fair Value</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000</b>

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



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**7. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Furniture and Office Equipment	\$ 23,596	\$ 23,596
Computer Equipment and Software	34,705	32,106
Leasehold Improvements	59,623	59,623
Website	158,000	158,000
	275,924	273,325
Less Accumulated Depreciation and Amortization	(182,285)	(137,255)
Net Property and Equipment	\$ 93,639	\$ 136,070

**8. NET ASSETS WITH DONOR RESTRICTIONS**

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

Purpose Restriction	2023	2022
Health Education	\$ 586,180	\$ 1,022,377
Public Policy	451,380	667,315
Total Purpose Restrictions	\$ 1,037,560	\$ 1,689,692

**9. 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, 2023 and 2022:

Purpose Restriction	2023	2022
Health Education	\$ 1,212,197	\$ 1,250,327
Public Policy	2,176,435	1,819,953
Total Releases	\$ 3,388,632	\$ 3,070,280

**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 lease payment increases annually based on scheduled increases provided for in the lease. In addition, the lessor provided lease incentives totaling approximately \$66,000. The lease does not contain an option to extend the lease term or terminate early.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. The Organization had no variable or short-term lease expense in 2023 and 2022.

**ALLIANCE FOR AGING RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
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**10. LEASES (CONTINUED)**

***Operating Lease (Continued)***

Maturity of the operating lease liability as of December 31, 2023, is as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 201,888
2025	206,935
2026	61,801
Total Undiscounted Minimum Lease Payments	470,624
Less Discount to Present Value	(6,288)
Total Operating Lease Liability	\$ 464,336

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>Amount</u>
Weighted-Average Remaining Lease Term (Years)	2.33
Weighted-Average Discount Rate	1.21%

***Finance Lease***

The Organization is obligated under a non-cancelable finance lease for certain office equipment through 2026. Amortization on the finance right-of-use asset totaled \$2,540 for the years ended December 31, 2023 and 2022, and is included in depreciation and amortization expense on the statements of functional expenses. Interest expense on the finance lease liability totaled \$137 and \$176 for the years ended December 31, 2023 and 2022, respectively.

The finance right-of-use asset consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Finance Right-of-Use Asset	\$ 12,488	\$ 12,488
Less Accumulated Amortization	(5,080)	(2,540)
Finance Right-of-Use Asset, Net	\$ 7,408	\$ 9,948

Maturity of the finance lease liability as of December 31, 2023, is as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 3,036
2025	3,036
2026	2,783
Total Undiscounted Minimum Lease Payments	8,855
Less Discount to Present Value	(170)
Total Finance Lease Liability	\$ 8,685

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**10. LEASES (CONTINUED)**

*Finance Lease (Continued)*

The supplementary qualitative finance lease information is as follows:

Supplementary Qualitative Finance Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	2.92
Weighted-Average Discount Rate	1.37%

**11. LIQUIDITY AND AVAILABLE 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.

As of December 31, 2023 and 2022, the following financial assets and liquidity sources are available for general operating expenditures for the years ending December 31, 2024 and 2023:

<i>Financial Assets at Year End</i>	<b>2023</b>	2022
Cash and Cash Equivalents	<b>\$ 632,289</b>	\$ 798,786
Grants and Contributions Receivable	<b>347,875</b>	650,000
Investments	<b>3,912,049</b>	3,513,684
Less Amounts for Donor Purpose Restrictions	<b>(1,037,560)</b>	(1,689,692)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<b><u>\$ 3,854,653</u></b>	<b><u>\$ 3,272,778</u></b>

**12. 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, 2023 and 2022, the Organization made contributions of approximately \$50,000 and \$40,700, respectively, to the Plan.

The Organization maintains 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 \$3,000 to the 457 Plan for the year ended December 31, 2022.

**ALLIANCE FOR AGING RESEARCH**

**NOTES TO FINANCIAL STATEMENTS  
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**13. EMPLOYMENT AGREEMENT**

The Organization has 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. COMMITMENTS AND CONTINGENCIES**

During 2023, the Organization entered into a contract for 2024 and 2025 event space. In the event of cancellation, the Organization would be responsible for certain fees based on the date of cancellation. The minimum penalty is approximately \$86,000 and the maximum would be approximately \$250,000.

**15. FINANCIAL RISK**

The Organization invests in professionally managed portfolios that contain mutual funds, exchange traded 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.

**16. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 23, 2024, the date on which the financial statements were available to be issued.