

National Association of Counsel for Children

Financial Statements
with Independent Auditor's Report

December 31, 2021 and 2020



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

National Association of Counsel for Children

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December 31, 2021 and 2020

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Business Advisors

Independent Auditor's Report

Board of Directors
National Association of Counsel for Children
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental, business-type activities and each major fund of National Association of Counsel for Children (a nonprofit corporation) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of National Association of Counsel for Children, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of National Association of Counsel for Children as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 National Association of Counsel for Children and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

National Association of Counsel for Children's 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, 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.

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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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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 National Association of Counsel for Children'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 National Association of Counsel for Children'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.

Other Matter

The financial statements of National Association of Counsel for Children for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on June 15, 2021.

Hick & Company, PC

Englewood, Colorado
August 15, 2022



National Association of Counsel for Children
Statements of Financial Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
Assets		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 432,418	\$ 532,082
Accounts Receivable	93,733	43,601
Prepaid Expenses	28,348	28,615
Total Current Assets	554,499	604,298
<i>Property and Equipment</i>		
Furniture and Fixture	40,560	40,560
Accumulated Depreciation	(38,173)	(36,438)
Total Property and Equipment	2,387	4,122
<i>Other Assets</i>		
Certificate of Deposit	95,398	94,475
Investments - Non-Endowment Funds	285,297	260,046
Endowment Fund Investments	36,739	33,487
Total Other Assets	417,434	388,008
 Total Assets	 \$ 974,320	 \$ 996,428
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts Payable	\$ 8,064	\$ 115
Accrued Liabilities	75,011	66,610
Deferred Revenue	65,848	67,673
Total Current Liabilities	148,923	134,398
<i>Long-Term Liabilities</i>		
Notes Payable	-	97,900
Total Liabilities	148,923	232,298
<i>Net Assets</i>		
Net Assets Without Donor Restrictions	578,504	427,964
Net Assets With Donor Restrictions	246,893	336,166
Total Net Assets	825,397	764,130
 Total Liabilities and Net Assets	 \$ 974,320	 \$ 996,428

National Association of Counsel for Children
Statement of Activities
For the Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Grants and Contributions	\$ 399,837	\$ 267,000	\$ 666,837
Membership Dues	125,327	-	125,327
National Conference	363,200	-	363,200
Book Sales	51,099	-	51,099
Certification Fees	111,878	-	111,878
Speakers/Training Bureau Fees	309,272	-	309,272
Net Investment Income	26,205	3,252	29,457
Net Assets Released from Restrictions	<u>359,525</u>	<u>(359,525)</u>	<u>-</u>
 Total Support and Revenue	 <u>1,746,343</u>	 <u>(89,273)</u>	 <u>1,657,070</u>
Operating Expenses			
Program Services			
Performance	1,179,020	-	1,179,020
General and Administrative	324,647	-	324,647
Fundraising	<u>92,136</u>	<u>-</u>	<u>92,136</u>
 Total Expenses	 <u>1,595,803</u>	 <u>-</u>	 <u>1,595,803</u>
 Change in Net Assets	 150,540	 (89,273)	 61,267
 Net Assets, Beginning of Year	 <u>427,964</u>	 <u>336,166</u>	 <u>764,130</u>
 Net Assets, End of Year	 <u>\$ 578,504</u>	 <u>\$ 246,893</u>	 <u>\$ 825,397</u>

National Association of Counsel for Children
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Administrative & General	Fundraising	Total
Salaries and Benefits	\$ 723,227	\$ 207,687	\$ 80,478	\$ 1,011,392
Payroll Taxes	53,154	13,298	5,827	72,279
Total Compensation	<u>776,381</u>	<u>220,985</u>	<u>86,305</u>	<u>1,083,671</u>
Insurance	9,508	5,993	1,056	16,557
Occupancy	12,256	3,533	1,361	17,150
Dues and Subscriptions	5,264	858	331	6,453
Travel	33,111	14,230	-	47,341
Office Expense	55,329	6,606	2,523	64,458
Printing	851	836	-	1,687
Postage and Delivery	3,290	2,217	-	5,507
Professional Fees	-	27,354	-	27,354
Contracted Services	112,827	15,656	-	128,483
Telephone	3,799	1,095	422	5,316
Bank and Interest Charges	22	18,157	-	18,179
Staff Training	130	867	-	997
Public Relations	530	3,107	-	3,637
Conferences and Seminars	150,386	-	-	150,386
Books for Programs	13,415	-	-	13,415
Volunteer Training, Recruiting and Appreciation	38	1,050	-	1,088
Board Expense	643	1,746	-	2,389
Total Expenses Before Depreciation	<u>1,177,780</u>	<u>324,290</u>	<u>91,998</u>	<u>1,594,068</u>
Depreciation	<u>1,240</u>	<u>357</u>	<u>138</u>	<u>1,735</u>
Total Expenses	<u>\$ 1,179,020</u>	<u>\$ 324,647</u>	<u>\$ 92,136</u>	<u>\$ 1,595,803</u>

National Association of Counsel for Children
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 61,267	\$ 509,695
Adjustments to reconcile Increase in Net Assets to		
Cash Provided by Operating Activities		
Net Appreciation in Investments	(29,426)	(16,230)
PPP Loan Forgiven	(97,900)	
Depreciation Expense	1,735	1,725
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(50,132)	36,545
Prepaid Expenses	267	(26,700)
Accounts Payable	7,949	-
Accrued Liabilities	8,401	43,836
Deferred Revenue	(1,825)	24,066
	(99,664)	572,937
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Purchase of Investments	-	-
Withdrawals of Investments, Net	-	(125,000)
Purchase of Fixed Assets	-	(1,567)
	-	(126,567)
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities		
Proceeds from Note Payable	-	97,900
Payments on Line of Credit	-	(89,424)
	-	8,476
Net Cash Provided by Financing Activities		
Net Increase in Cash	(99,664)	454,846
Cash and Cash Equivalents, <i>Beginning of Year</i>	532,082	77,236
Cash and Cash Equivalents, <i>End of Year</i>	\$ 432,418	\$ 532,082

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Founded in 1977, the National Association of Counsel for Children (the Association) is a nonprofit membership and children's legal advocacy organization dedicated to advancing the rights, well-being, and opportunities of children impacted by the child welfare system through access to high-quality legal representation. Our vision: Every child and family involved with the court system is well-represented by a lawyer who works to ensure that every child is raised by a nurturing family and has positive life opportunities.

NACC believes all children involved in child welfare proceedings need lawyers who are well-trained to achieve the best possible outcomes - outcomes where children are raised on a path toward success in loving and supportive families. We also believe the child welfare court system works best when all parties - children, parents, and social service agencies - are represented by high-quality, well-trained lawyers.

NACC provides programs and resources that improve the quality of legal representation for children, parents and agencies; we support a community of hard-working and dedicated professionals and help attract and retain diverse talent in the children's legal advocacy profession; and we advocate for policies that advance rights, including the right to counsel for children and parents.

NACC's Certification Program is the only program in the country accredited by the American Bar Association to certify attorneys as *Child Welfare Law Specialists*, a credential that verifies an attorney's knowledge and expertise. NACC's Certification and Training Programs utilize our publication, the *Child Welfare Law and Practice Journal* (the Red Book), a 1100-page guide for attorneys. NACC's "Red Book Training Course" is offered live and in a new webinar platform. NACC's Policy Advocacy Program promotes justice for children and families through amicus briefs, legislative reform, and policy education. NACC's Annual Child Welfare Law Conference is a premier continuing legal education and community building event. NACC's Membership Program currently supports over 1700 practitioners across the country and has been an invaluable mechanism for building the children's legal community.

NACC helps lawyers help children and families. We directly serve attorneys and other professionals, but our ultimate service is to the children placed in foster care. On any given day, there are approximately 437,000 children in foster care, and the number has steadily increased. NACC's work was recently recognized in two major national reports: (1) *Children's Justice: How to Improve Legal Representation of Children in the Child Welfare System* highlighted NACC's programs as models for improving child representation; and (2) a memorandum issued by the federal Children's Bureau on *High Quality Legal Representation in the Child Welfare System*, lauded NACC's programs and recommended that every attorney practicing child welfare law in America obtain NACC's *Child Welfare Law Specialist* Certification.

Basis of Accounting

The accrual basis of accounting is used for financial reporting purposes in accordance with generally accepted accounting principles.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210, “*Financial Statements of Not-for-Profit Organizations*”. Under this guidance, NACC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions - consists of assets, public support, and program revenues, which are available and used for general operations and programs. Contributions are considered available for general use unless specifically restricted by the donor.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions, which permit the organization to expend the assets as specified and is satisfied either by the passage of time or by the actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts, and investment income earned on restricted funds.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking and savings accounts, certificates of deposit, and temporary investments having a maturity of three months or less.

Investments

Investments in time deposits with a maturity date of more than three months and marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Net investment return from these investments is reported in the statement of activities as net investment return. This amount consists of interest and dividend income, realized and unrealized capital gains and losses, and investment management expenses.

Accounts and Contributions Receivable

Accounts and contributions receivable are considered fully collectible within one year; therefore, neither an allowance for uncollectible receivables nor a discount to net present value has been recorded.

Property and Equipment

Property and equipment with a cost of \$2,500 or more is capitalized. This level was increased in September 2021 from \$500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions and unconditional promises to give are recognized in the year they are received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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 promises to give are recognized when the conditions on which they depend have been met.

Annual membership dues are received throughout the year and are recognized evenly over the applicable twelve-month membership period. Lifetime memberships are amortized over a ten-year period beginning in the year in which the membership began. Dues that are attributable to future years are reported as deferred revenue in the statement of financial position.

Revenue for training contracts is recognized upon completion of the training activities; that is, when NACC's performance obligations have been fulfilled.

Functional Expenses

The costs attributable to program services and expenses associated with management and general expenses and financial development have been reported in the accompanying financial statements on a functional basis. Accordingly, certain costs have been allocated among the program expenses, management and general expenses, and financial development expenses based on estimates made by management based on the time expended or another reasonable basis.

Fair Value Measurements

NACC follows ASC Topic 820, *Fair Value Measurements*, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that NACC has the ability to access.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

NACC has certain investments which are measured at net asset value per share (NAV). If NACC has the ability to redeem its investment with the investee at NAV at the measurement date or within ninety days of the measurement date, the fair value of the asset is categorized as a Level 2 fair value measurement. If NACC will never have the ability to redeem its investment with the investee at NAV or NACC cannot redeem its investment within ninety days of the measurement date, NACC categorizes the asset as a Level 3 measurement.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

National Association of Counsel for Children is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private corporation. NACC follows FASB ASC 740 *Income Taxes*, which requires entities to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. NACC has evaluated tax positions taken related to its tax-exempt status, and none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2021.

Subsequent Events

Subsequent events have been evaluated through August 15, 2022, the date the financial statements were available to be issued.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 2: Cash and Cash Equivalents

NACC maintains several bank accounts. The table below is designed to disclose the level of custody credit risk assumed by NACC based upon how its deposits were insured at December 31, 2021 and 2020. FDIC regulations state that time and savings accounts are insured up to \$250,000 per depositor, per insured bank.

Category 1 - Insured by FDIC or collateralized with securities held by NACC or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in NACC's name.

Category 3 - Uninsured and uncollateralized.

	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
<u>December 31, 2021</u>				
Demand Deposits	\$ <u>439,528</u>	\$ <u>250,000</u>	\$ <u>-</u>	\$ <u>189,528</u>
<u>December 31, 2020</u>				
Demand Deposits	\$ <u>553,922</u>	\$ <u>250,000</u>	\$ <u>-</u>	\$ <u>303,922</u>

Note 3: Fair Value Measurement

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy for financial instruments carried at fair value, are as follows:

Cash and cash equivalents: The assets' carrying amounts approximate fair value due to their short maturities.

Investments: Investments are carried at fair value and are based on quoted market prices, when available, or the best estimate of fair value as determined by the investment and/or fund manager. Generally, quoted market prices are available for cash and cash equivalents funds, common and preferred stocks, exchange traded index and mutual funds, and as such, are classified as Level 1 in the fair value hierarchy. The fair values of certificates of deposit are determined using the income approach. The key inputs include interest rates, maturity dates and yield curves and as such are classified as Level 1 or Level 2, depending on the maturity date. The fair value of the annuity contract is determined using the income approach and is based on the current cash surrender value as determined by the investment manager, and is classified as Level 3. If the fair value of the underlying assets are transparent, have readily determinable fair values, and NACC can redeem the investment at NAV within ninety days of the measurement date, the funds are classified as Level 2 and in all other cases are classified as Level 3.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 3: Fair Value Measurement (Continued)

Accounts payable and accrued expenses: The carrying amount of current liabilities approximates fair value due to its short maturity.

Assets and liabilities measured at fair value are classified within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Cash and Money Market Funds	\$ 49,416	\$ -	\$ -	\$ 49,416
Certificate of Deposit	95,398	-	-	95,398
Exchange-traded Funds	272,620	-	-	272,620
Certificates of Deposits	\$ 417,434	\$ -	\$ -	\$ 417,434
 <u>December 31, 2020</u>				
Cash and Money Market Funds	\$ 186,457	\$ -	\$ -	\$ 186,457
Certificate of Deposit	94,475	-	-	94,475
Exchange-traded Funds	107,076	-	-	107,076
Certificates of Deposits	\$ 388,008	\$ -	\$ -	\$ 388,008

Investments are reported on the statement of financial position as follows:

	2021	2020
Certificate of Deposit	\$ 95,398	\$ 94,475
Investments - Non-Endowment	285,297	260,046
Endowment Fund Investments	36,739	33,487
	\$ 417,434	\$ 388,008

Net investment return presented on the statement of activities is comprised of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest Income on Savings Accounts	\$ 953	\$ 23
Interest and Dividend Income on Investments	4,838	4,198
Realized Gains on Investments	-	44
Unrealized Gains on Investments	23,666	11,988
	\$ 29,457	\$ 16,253

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 4: Net Assets

Net assets with donor restrictions consist of the contributions receivable and other donations that are restricted by time or by the donor for certain activities. The following is a summary of the changes in net assets with donor restrictions for the years ended December 31, 2021 and 2020:

	2021	2020
Net Assets Temporarily Restricted		
Purpose-Restricted Contributions		
Colorado Bar Association	2,000	-
Youth Hope Grant	149,462	200,000
Annie E Casey Foundation	41,667	75,050
Megan Louise Furth Youth Empowerment Fund	17,025	27,629
LEA for Justice Endowment (Accumulated Earnings)	12,739	9,487
	222,893	312,166
Net Assets Permanently Restricted		
LEA for Justice Endowment	24,000	24,000
 Total Restricted Net Assets	 \$ 246,893	 \$ 336,166

Note 5: Endowment Disclosures

During the year ended December 31, 2007, the Lea for Justice Endowment fund was established by a pledge from a donor and subsequent gifts by other donors. The restriction placed on the original gift was released by the donor during the year ended December 31, 2018. Accumulated investment earnings on the released amount were also released. The gifts by other donors of \$24,000 to the endowment and the related accumulated investment earnings remain restricted.

During the year ended December 31, 2008, NACC adopted FASB ASC 958-205, *“Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds”*. The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008.

Interpretation of Relevant Law

NACC has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NACC will retain in perpetuity the original value of the unreleased gifts donated to the endowment.

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, NACC considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 5: Endowment Disclosures (Continued)

- (1) The duration and preservation of the fund
- (2) The purpose of NACC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other NACC resources
- (7) The investment policies of NACC

Return Objectives and Risk Parameters

NACC has adopted investment and spending policies for endowment assets that recognizes the Board's fiduciary responsibilities to protect the purchasing power of the endowment funds; to insure, by taking no more than reasonable risk, the safety of the investment; and, to maintain marketability pursuant to the spending policy as described below.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, NACC has invested its endowment assets in cash, money market funds, government debt obligations and exchange-traded funds.

Spending Policy and How the Investment Objectives Relate to Distribution Policy

The Board of Directors of NACC has approved a spending policy that allows expenditure of investment earnings. Such distributions are to be used for providing societal justice for children.

Endowment net assets composition as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
LEA for Justice Endowment	\$ 24,000	\$ 24,000
Accumulated Earnings (<i>Temporarily Restricted</i>)	<u>12,739</u>	<u>9,487</u>
Total	<u>\$ 36,739</u>	<u>\$ 33,487</u>

Note 6: Line of Credit

NACC had available a \$90,000 line of credit agreement with Frontier State Bank that was set to mature on November 9, 2021. The line of credit bore an interest rate of 2.29% and was secured by a \$94,475 certificate of deposit. The balance of \$89,939 was paid off on December 16, 2020. The line of credit was closed upon payoff and the certificate of deposit that had been held as collateral was released.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 7: Retirement Plan

NACC established a SIMPLE plan effective January 1, 1997. A SIMPLE plan is a qualified retirement plan for small employers that allows eligible employees to defer compensation tax free and employers to make either matching contributions for employees who elect to participate, or non-elective contributions for all eligible employees. The Internal Revenue Code allows a SIMPLE plan to operate as an Individual Retirement Account (IRA). Each eligible employee has the right to make annual elective contributions, subject to an annual limit. The amount of employer contribution expense was \$25,519 and \$15,412 for the years ended December 31, 2021 and 2020, respectively.

Note 8: Lease Obligation

NACC entered into a lease agreement in July 1, 2021 with monthly rent due ranging from \$1,971 to \$2,282 until November 30, 2025. NACC additional lease parking spaces ranging from \$110 to \$125 per space per month during the term of the lease. The parking space lease may be terminated at any time with 3 months notice.

The aggregate minimum payments under the lease are as follows:

	<u>Amount</u>
2022	\$ 24,122
2023	25,056
2024	25,989
2025	<u>24,641</u>
Total	<u>\$ 99,808</u>

The amount of rent paid for office space for the years ending December 31, 2021 and 2020 was \$17,150 and \$10,453, respectively.

Note 9: Commitments

NACC has contracted with various facilities for the annual conference venues, and there are costs that will be incurred in the event of cancellation. In the event that the 2022 conference is cancelled, NACC would be liable to pay the venue up to \$295,400, depending on the cancellation date.

National Association of Counsel for Children

Notes to Financial Statements

December 31, 2021 and 2020

Note 10: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and Cash Equivalents	\$ 432,418	\$ 532,082
Accounts Receivable	93,733	43,601
Certificate of Deposit	95,398	94,475
Investments - Non-Endowments	285,297	260,046
Available Assets at December 31,	906,846	930,204
Less: Those Unavailable for General Expenditures Within One Year, Due To:		
Donor-imposed Purpose Restrictions	(210,154)	(302,679)
Totals	\$ <u>696,692</u>	\$ <u>627,525</u>

NACC is substantially supported by grants and contributions. Financial assets are managed to be available as its general expenditures, liabilities, and other obligations come due.

Note 11: SBA CARES ACT Loan

On April 7, 2020, NACC received a \$97,000 Paycheck Protection Program loan through the Small Business Administration under the CARES Act. The loan was intended to maintain employee and compensation levels during the financial downturn caused by the pandemic. The loan proceeds were to be expended on payroll costs, rent and utilities, and if spent on these costs within six months, the loan has been forgiven and considered a grant to NACC.