

EISNERAMPER

**NATIONAL ALLIANCE FOR
EATING DISORDERS, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020



NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Alliance for Eating Disorders, Inc.

Report on the Financial Statements

Opinion

We have audited the financial statements of the National Alliance for Eating Disorders, Inc., formerly known as, The Alliance for Eating Disorders Awareness, Inc. (the "Alliance"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Alliance for Eating Disorders, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance 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.

Prior Period Financial Statements

The financial statements of the National Alliance for Eating Disorders, Inc. as of and for the year ended December 31, 2020, were audited by another auditor, whose report dated June 18, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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 Alliance's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alliance'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 Alliance'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
August 29, 2022



NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Current assets:		
Cash	\$ 1,686,712	\$ 1,513,051
Cash restricted for acquisition of property and equipment	-	268,470
Lease incentive receivable	-	116,530
Accounts receivable	2,500	-
Grant receivable	-	10,000
Other receivable	571	-
Investments	173,616	130,941
Prepaid expenses	32,366	31,799
Total current assets	1,895,765	2,070,791
Property and equipment, net	467,489	257,507
Other asset:		
Security deposit	11,636	11,636
Total assets	\$ 2,374,890	\$ 2,339,934
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 14,198	\$ 21,506
Refundable grant advance	46,000	-
Other refundable advances	98,500	90,236
Paycheck Protection Program loan payable	-	85,900
Deferred revenue	10,000	35,000
Total current liabilities	168,698	232,642
Noncurrent liability:		
Deferred rent	30,442	-
Lease incentive liability	133,400	116,530
Total liabilities	332,540	349,172
Commitment and uncertainty (see Notes G and H)		
Net assets:		
Without donor restrictions	1,925,517	1,461,430
With donor restrictions	116,833	529,332
Total net assets	2,042,350	1,990,762
Total liabilities and net assets	\$ 2,374,890	\$ 2,339,934

See notes to financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Statements of Activities

	Year Ended December 31,	
	2021	2020
Changes in net assets without donor restrictions:		
Revenues, gains, and other support:		
Revenues and gains:		
Contributions	\$ 336,776	\$ 411,338
Special events	583,260	498,386
Costs of direct benefits to donors	(51,201)	(55,941)
Grants	66,000	111,501
Partnerships	205,000	170,998
Conferences	18,548	7,553
Psychological services fees	7,814	11,767
Investment return, net	29,621	10,662
Gain on loan forgiveness	85,900	-
Other	8,686	1,407
	1,290,404	1,167,671
Net assets released from restrictions	453,561	96,653
	1,743,965	1,264,324
Expenses:		
Program services:		
Outreach, education, prevention, and treatment	970,525	756,992
Supporting services:		
Management and general	190,173	176,284
Fundraising	119,180	121,084
	309,353	297,368
	1,279,878	1,054,360
Increase in net assets without donor restrictions	464,087	209,964
Changes in net assets with donor restrictions:		
Special events	31,062	38,045
Contributions	10,000	442,000
Net assets released from restrictions	(453,561)	(96,653)
	(412,499)	383,392
(Decrease) increase in net assets with donor restrictions	51,588	593,356
Increase in net assets	1,990,762	1,397,406
Net assets at beginning of year		
Net assets at end of year	\$ 2,042,350	\$ 1,990,762

See notes to financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Statement of Functional Expenses Year Ended December 31, 2021

	Program Services	Supporting Services			
	Outreach, Education, Prevention, and Treatment	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Salaries	\$ 349,594	\$ 92,518	\$ 39,271	\$ -	\$ 481,383
Payroll taxes and benefits	73,111	20,332	10,165	-	103,608
Auto expense	6,108	2,036	-	-	8,144
Computer expense	99,677	4,134	3,600	-	107,411
Conferences	7,405	-	-	-	7,405
Depreciation and amortization	43,142	11,505	2,876	-	57,523
Event expenses	-	-	45,914	51,201	97,115
Independent contractors	153,472	-	-	-	153,472
Insurance	9,626	1,260	-	-	10,886
Marketing	84,133	3,008	3,007	-	90,148
Membership	12,264	-	-	-	12,264
Office expense	28,964	6,419	5,550	-	40,933
Postage and printing	27,655	-	5,409	-	33,064
Professional fees	-	29,800	-	-	29,800
Rent	57,964	10,497	2,624	-	71,085
Travel and meals	2,236	5,614	1	-	7,851
Utilities	15,174	3,050	763	-	18,987
Total expenses	970,525	190,173	119,180	51,201	1,331,079
Less expenses included with revenues on the statement of activities	-	-	-	(51,201)	(51,201)
Total expenses included in the expense section of the statement of activities	\$ 970,525	\$ 190,173	\$ 119,180	\$ -	\$ 1,279,878

See notes to financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Statement of Functional Expenses (continued) Year Ended December 31, 2020

	Program Services	Supporting Services			
	Outreach, Education, Prevention, and Treatment	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Salaries	\$ 279,028	\$ 97,433	\$ 31,630	\$ -	\$ 408,091
Payroll taxes and benefits	59,947	22,192	8,875	-	91,014
Auto expense	6,083	2,028	-	-	8,111
Computer expense	52,930	2,399	1,200	-	56,529
Conferences	11,497	-	-	-	11,497
Depreciation and amortization	23,227	6,195	1,548	-	30,970
Event expenses	-	-	60,485	55,941	116,426
Independent contractors	171,046	-	-	-	171,046
Insurance	5,029	536	-	-	5,565
Membership	6,879	-	-	-	6,879
Office expense	21,515	4,465	5,672	-	31,652
Postage and printing	18,971	-	7,398	-	26,369
Professional fees	-	30,487	-	-	30,487
Rent	36,152	3,880	970	-	41,002
Marketing	48,690	2,705	2,705	-	54,100
Travel and meals	3,288	1,558	-	-	4,846
Utilities	12,710	2,406	601	-	15,717
Total expenses	756,992	176,284	121,084	55,941	1,110,301
Less expenses included with revenues on the statement of activities	-	-	-	(55,941)	(55,941)
Total expenses included in the expense section of the statement of activities	<u>\$ 756,992</u>	<u>\$ 176,284</u>	<u>\$ 121,084</u>	<u>\$ -</u>	<u>\$ 1,054,360</u>

See notes to financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 51,588	\$ 593,356
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	57,523	30,970
Contribution restricted for long-term purposes	(5,000)	(385,000)
Net realized and unrealized gain on investments	(27,389)	(8,513)
Contributed securities	(15,286)	(10,095)
Gain on loan forgiveness	(85,900)	-
Changes in operating assets and liabilities:		
Lease incentive receivable	116,530	(116,530)
Accounts receivable	(2,500)	-
Grant receivable	10,000	(10,000)
Other receivable	(571)	-
Prepaid expenses	(567)	(12,066)
Security deposit	-	(9,836)
Accounts payable	(7,308)	432
Accrued payroll and related liability	-	(28,672)
Refundable grant advance	46,000	(31,917)
Other refundable advance	8,264	716
Deferred rent	30,442	-
Deferred revenue	(25,000)	-
Lease incentive liability	16,870	116,530
Net cash provided by operating activities	<u>167,696</u>	<u>129,375</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(267,505)</u>	<u>(233,060)</u>
Net cash used in investing activities	<u>(267,505)</u>	<u>(233,060)</u>
Cash flows from financing activities:		
Contributions restricted for property and equipment	5,000	385,000
Proceeds of loan	-	85,900
Net cash provided by financing activities	<u>5,000</u>	<u>470,900</u>
Net (decrease) increase in cash	(94,809)	367,215
Cash at beginning of year	<u>1,781,521</u>	<u>1,414,306</u>
Cash at end of year	\$ 1,686,712	\$ 1,781,521
Supplemental disclosures of cash flow information:		
Cash	\$ 1,686,712	\$ 1,513,051
Cash restricted for acquisition of property and equipment	-	268,470
Total cash	<u>\$ 1,686,712</u>	<u>\$ 1,781,521</u>
Supplemental disclosure of cash flow information:		
In-kind services	<u>\$ 33,500</u>	<u>\$ 32,000</u>
Non-cash investing activity:		
Contributed securities	<u>\$ 15,286</u>	<u>\$ 10,095</u>

See notes to financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

The National Alliance for Eating Disorders, Inc., formerly known as The Alliance for Eating Disorders Awareness, Inc. (the "Alliance"), is a not-for-profit organization incorporated under the laws of the State of Florida on October 2, 2000. The Alliance was formed to create a source of community outreach, education, awareness, and prevention of the various eating disorders for the greater Palm Beach County, Florida, area.

[2] Basis of presentation:

The accompanying financial statements are presented on the accrual basis of accounting and present balances and transactions of the Alliance according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as follows:

- (i) *Net Assets Without Donor Restrictions* are resources generated from operations, unrestricted donations and lapse of temporary restrictions and are not subject to donor-imposed stipulations.
- (ii) *Net Assets With Donor Restrictions* are those whose use by the Alliance has been limited by donors and grantors to a specific time period, purpose or in perpetuity.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of net assets without donor restrictions.

[3] Use of estimates and assumptions:

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

[4] Cash:

Cash includes amounts on deposit in checking accounts and in a brokerage account. The Alliance had deposits that exceeded federal deposit insurance by approximately \$713,000 and \$789,000 at December 31, 2021 and 2020, respectively.

[5] Investments:

The Alliance's investments in marketable equity securities and mutual funds are reported at their fair values in the statements of financial position based on quoted market prices. The Alliance's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investments' costs to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Property and equipment:

Property and equipment is stated at cost or if donated, fair value at the date of the gift, net of accumulated depreciation and amortization. All property and equipment with a cost in excess of \$1,000 is capitalized. Depreciation of equipment is provided using the straight-line method over the estimated useful lives of five years. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events occurring to property and equipment requiring management to test for, or adjust for, impairment losses during 2021 or 2020. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") pandemic.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Alliance has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, Debt. During the year ended December 31, 2021, the Alliance applied for and received forgiveness of its loan from the bank and the SBA in the amount of \$85,900. Accordingly, this forgiven amount is reflected as a gain on loan forgiveness on the statements of activities for the year ended December 31, 2021 (See Note E).

[8] Deferred rent:

Rent expense is recognized on a straight-line basis over the lease term and the difference between the amounts charged to operations and the amounts paid are recorded as deferred rent in the accompanying consolidated statements of financial position.

[9] Revenue recognition:

(i) *Contributions, special events, grants, and contributed services:*

Contributions to the Alliance are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions and grants include a barrier to entitlement and are recognized when the donor's conditions have been met by requisite actions of the Alliance's management or necessary events have taken place. Amounts received in advance of the Alliance having met a donor's condition or other necessary events taking place are recorded in the statements of financial position as funds received in advance. At December 31, 2021, 2020 and 2019, the Alliance had refundable grant advances of \$46,000, \$- and \$31,917 related to a recurring conditional grant from a not for profit foundation.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Revenue recognition: (continued)

(i) *Contributions, special events, grants, and contributed services:* (continued)

Contributed services (i.e. in-kind contributions) are recognized at the fair value of services provided if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed professional services with a value of \$33,500 and \$32,000 were received and recorded as contribution revenue and corresponding expenses during the years ended December 31, 2021 and 2020, respectively. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the Alliance. The value of such volunteered time is not reflected in these financial statements, since it does not meet the accounting recognition requirements.

Gross proceeds paid by attendees at special events held as fundraising activities represent contribution revenue as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year the special event takes place. Special event revenue for a future year's period is deferred and recognized when the event takes place. At December 31, 2021 and 2020, the Alliance had other refundable advances of \$98,500 and \$90,236, respectively, related to special event revenues received in advance.

(ii) *Partnerships, conferences, and psychological services fees:*

Partnerships are nonrefundable exchange transactions in which other organizations pay a fee to become partners with the Alliance and receive benefits during the calendar year. These transactions include multiple performance obligations which are satisfied during the calendar year. Partnership payments received prior to the year the performance obligations will be satisfied are included in deferred revenue in the statement of financial position. At December 31, 2021, 2020 and 2019, partnership payments received in advance totaled \$10,000, \$35,000 and \$35,000, respectively.

Conference and psychological services fees are recognized as revenue when the conference takes place or the psychological counseling services are provided. Conference fees paid in advance are refundable until such time as the conference begins. There was no liability for conference registration fees paid in advance at December 31, 2021, 2020 and 2019. Psychological services fees are generally paid when the services are rendered.

[10] Functional allocation of expenses:

The costs of providing various programs and supporting services activities of the Alliance have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which can be specifically identified with a functional category, are charged accordingly. Expenses which are not directly identifiable with a specific functional category require allocation on a reasonable basis that is consistently applied. Such expenses are allocated on the basis of estimates of time and effort.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Income taxes:

The Alliance is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Alliance is classified as a publicly supported organization other than a private foundation. Therefore, no provision for income taxes has been made in these financial statements.

The Alliance evaluates its uncertain tax positions in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Alliance has any significant uncertain tax positions that would be material to the financial statements. The Alliance's tax returns for tax years prior to 2018 are no longer subject to examination by taxing authorities.

[12] Upcoming accounting pronouncements:

The following updates to accounting standards have been issued by the FASB and may affect the Alliance in future years. Management has not completed its analysis of the effects, if any, of the following standards:

(i) *Presentation and disclosures by not-for-profit entities for contributed nonfinancial assets:*

In September 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Upcoming accounting pronouncements: (continued)

(ii) Leases:

In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date, the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use-asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The standard is effective annual reporting periods beginning after beginning after December 15, 2021. Upon the adoption of the guidance, operating leases are capitalized on the statements of financial position at the present value of lease payments, using the applicable incremental borrowing rate, or a risk-free rate as an alternative to the incremental borrowing rate, at the date of adoption. Management is in the process of assessing the impact of this ASU on the financial statements. Information about the Alliance's leases and the timing of those payments is provided in Note G.

[13] Subsequent events:

The Alliance has evaluated subsequent events through August 29, 2022, which is the date the financial statements were available to be issued.

NOTE B - AVAILABILITY AND LIQUIDITY

The Alliance manages its liquidity to operate within a prudent range of financial soundness and stability, and maintain adequate liquid assets to fund operating needs. The Alliance aims to keep a minimum of nine months of budgeted operating expenditures in cash and also invests in marketable securities which include equity securities and exchange traded funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Alliance operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - AVAILABILITY AND LIQUIDITY (CONTINUED)

The following table reflects the Alliance's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. The Alliance considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its operations and expected to be used within one year to be available to meet cash needs for general expenditures within one year. General expenditures include administrative and general expenses, fundraising expenses and all expenditures related to its ongoing program related activities.

	<u>2021</u>	<u>2020</u>
Financial assets at December 31:		
Cash	\$ 1,686,712	\$ 1,781,521
Receivables	3,071	126,530
Investments	<u>173,616</u>	<u>130,941</u>
Total financial assets at December 31	1,863,399	2,038,992
Less: amounts not available to meet general expenditures within one year:		
Cash restricted for acquisition of property and equipment	-	(268,470)
Lease incentive receivable	-	(116,530)
Donor restricted net assets not expected to be used for general expenditures within one year	<u>(58,128)</u>	<u>(61,517)</u>
Total financial assets available at December 31	<u>\$ 1,805,271</u>	<u>\$ 1,592,475</u>

NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The cost and fair value of investments at December 31, 2021 and 2020 were as follows:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Marketable equity securities	\$ 91,907	\$ 76,555	\$ 66,875	\$ 66,372
Exchange traded funds	81,709	59,568	64,066	54,465
	\$ 173,616	\$ 136,123	\$ 130,941	\$ 120,837

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Alliance has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Alliance believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used at December 31, 2021 and 2020.

The Alliance's investments were classified entirely as Level 1 within the fair value hierarchy for December 31, 2021 and 2020.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 500,565	\$ 118,986
Equipment	30,239	30,239
Construction in progress	<u>-</u>	<u>233,060</u>
	530,804	382,285
Less: accumulated depreciation	<u>(63,315)</u>	<u>(124,778)</u>
	<u>\$ 467,489</u>	<u>\$ 257,507</u>

The Alliance disposed of \$118,986 of fully depreciated assets during 2021. Depreciation expense was \$57,523 and \$30,970 for 2021 and 2020, respectively.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE E - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 24, 2020, the Alliance received a loan in the amount of \$85,900 under the Paycheck Protection Program ("PPP") administered by the SBA, pursuant to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Interest accrued on the loan at 1.0% per month. Under the terms of the loan agreement, principal payments of \$4,722 plus interest were due monthly on the loan commencing in November 2020 through maturity in April 2022. In June 2020, the Paycheck Protection Program Flexibility Act of 2020 was passed, extending the deferral period for payments of principal, interest and fees on all PPP loans. In March 2021, the full amount of the loan was remitted to the lender by the SBA and the loan and all accrued interest was forgiven.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Support groups and online referral guide	\$ 113,500	\$ 114,332
Special project	3,333	10,000
Programs in Palm Beach County	-	20,000
Construction and other costs related to new office	-	385,000
	<u>\$ 467,489</u>	<u>\$ 529,332</u>

Net assets with donor restrictions are released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Net assets were released from donor restrictions during the years ended December 31, 2021 and 2020, as follows:

	<u>2021</u>	<u>2020</u>
Purpose restrictions satisfied:		
Support groups and online referral guide	\$ 41,894	\$ 46,653
Special project	6,667	-
Programs in Palm Beach County	20,000	50,000
Construction and other costs related to new office	385,000	-
	<u>\$ 453,561</u>	<u>\$ 96,653</u>

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE G - OPERATING LEASES

In 2020, the Alliance entered into a commitment to lease new office space. The lease commencement date for the new office space was May 15, 2021, with an initial lease term of seven years and four months plus three optional three-year renewal terms. Also in 2020, the Alliance signed a contract with a construction company for the build out of the new office space. Construction was completed during 2021 at a cost of approximately \$501,000. The lease agreement provides for a tenant improvement allowance, in which the landlord is responsible for the lesser of half of the total value of the build out plus architectural costs and permitting fees or \$145,000. The landlord's share of the build out costs was received in full during 2021 and is recorded to the accompanying statement of financial position as a lease incentive liability. The lease incentive liability is being amortized over the initial lease term on a straight-line basis as a reduction of rent expense, beginning on the lease commencement date. In addition, the lease agreement provides for three months of free rent and includes annual increases in minimum lease payments of 3%. The Alliance is also leasing an automobile under a thirty-nine month noncancelable lease, expiring in February 2023 and office equipment under a sixty-three month noncancelable lease, expiring in December 2024. Rent expense under these leases for the years ended December 31, 2021 and 2020, was \$71,085 and \$41,002, respectively.

Future minimum rental payments due under the leases as of December 31, 2021 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 128,682
2023	126,568
2024	129,385
2025	127,098
2026	130,911
Thereafter	<u>100,631</u>
	<u><u>\$ 743,275</u></u>

NOTE H - ECONOMIC RISKS AND UNCERTAINTY

The extent of the impact of the coronavirus ("COVID-19") outbreak on the operational and financial performance of the Alliance will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Alliance's services, all of which are highly uncertain and cannot be predicted. If demand for the Alliance's services are impacted for an extended period, results of operations may be materially adversely affected.