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

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

(With Independent Auditor's Report Thereon)

NATIONAL ALLIANCE FOR EATING DISORDER, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Alliance for Eating Disorders, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of National Alliance for Eating Disorders, Inc. (a nonprofit 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 National Alliance for Eating Disorders, Inc. as of December 31, 2023 and 2022, and the changes in 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 audit 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 National Alliance for Eating Disorders, Inc. 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 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 National Alliance for Eating Disorders Inc'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. Misstatements, including omissions, 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 National Alliance for Eating Disorders, Inc. 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 Alliance for Eating Disorders, Inc.'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.

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC
West Palm Beach, Florida
July 19, 2024

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,259,611	\$ 1,455,791
Promise to give	124,342	-
Investments	791,098	732,977
Prepaid expenses	48,525	46,473
	<u>2,223,576</u>	<u>2,235,241</u>
Property and equipment, net	317,130	390,531
Other assets		
Right of use asset	548,849	619,394
Security deposit	11,636	11,636
	<u>560,485</u>	<u>631,030</u>
TOTAL ASSETS	<u>\$ 3,101,191</u>	<u>\$ 3,256,802</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS	2023	2022
Current liabilities		
Accounts payable	\$ 26,598	\$ 31,219
Accrued vacation	22,968	9,803
Refundable grant advances	64,000	54,000
Other refundable advances	130,500	135,365
Lease incentive liability - current portion	23,200	23,200
Operating lease liability - current portion	133,588	126,568
Total current liabilities	<u>400,854</u>	<u>380,155</u>
Non-current liabilities		
Deferred rent	32,409	32,311
Lease incentive liability	63,800	87,000
Operating lease liability - non current portion	423,523	492,826
	<u>519,732</u>	<u>612,137</u>
Net assets		
Without donor restrictions	2,148,753	2,203,000
With donor restrictions	31,852	61,510
Total net assets	<u>2,180,605</u>	<u>2,264,510</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,101,191</u></u>	<u><u>\$ 3,256,802</u></u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 286,287	\$ 79,000	\$ 365,287
Special events	1,194,502	-	1,194,502
Affiliation income	-	152,134	152,134
Partnership	215,173	-	215,173
Conferences	19,443	-	19,443
Psychological services fees	8,747	-	8,747
In-kind contributions	45,585	-	45,585
Other income	33,712	-	33,712
Investment return, net	31,505	-	31,505
Unrealized gains on investments	29,684	-	29,684
Net assets released from restrictions	260,792	(260,792)	-
	<u>2,125,430</u>	<u>(29,658)</u>	<u>2,095,772</u>
EXPENSES			
Program services			
Outreach, education, prevention and treatment	1,514,419	-	1,514,419
Supporting services			
Management and general	234,165	-	234,165
Fundraising	431,094	-	431,094
	<u>665,258</u>	<u>-</u>	<u>665,258</u>
Total expenses	<u>2,179,677</u>	<u>-</u>	<u>2,179,677</u>
Change in net assets	(54,247)	(29,658)	(83,905)
Beginning net assets	<u>2,203,000</u>	<u>61,510</u>	<u>2,264,510</u>
Ending net assets	<u>\$ 2,148,753</u>	<u>\$ 31,852</u>	<u>\$ 2,180,605</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 384,902	\$ 107,101	\$ 492,003
Special events	1,034,391	-	1,034,391
Affiliation income	-	3,899	3,899
Partnership	300,175	-	300,175
Conferences	16,103	-	16,103
Psychological services fees	7,824	-	7,824
In-kind contributions	35,000	-	35,000
Other income	31,871	-	31,871
Investment return, net	(14,868)	-	(14,868)
Net assets released from restrictions	166,323	(166,323)	-
	<u>1,961,721</u>	<u>(55,323)</u>	<u>1,906,398</u>
EXPENSES			
Program services			
Outreach, education, prevention, and treatment	1,163,384	-	1,163,384
Supporting services			
Management and general	227,444	-	227,444
Fundraising	293,410	-	293,410
	<u>520,854</u>	<u>-</u>	<u>520,854</u>
Total expenses	<u>1,684,238</u>	<u>-</u>	<u>1,684,238</u>
Change in net assets	277,483	(55,323)	222,160
Beginning net assets	<u>1,925,517</u>	<u>116,833</u>	<u>2,042,350</u>
Ending net assets	<u>\$ 2,203,000</u>	<u>\$ 61,510</u>	<u>\$ 2,264,510</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Supporting Services</u>			Total
	Program Services	Management and General	Fundraising	
Auto expenses	\$ 8,000	\$ 2,667	\$ -	\$ 10,666
Bank & credit card fees	-	1,738	1,738	3,475
Computer	31,472	18,316	24,989	74,776
Conferences	8,536	-	-	8,536
Depreciation & amortization	55,051	14,680	3,670	73,401
Event expenses	-	-	269,234	269,234
Independent contractors	95,499	1,036	-	96,535
Insurance	3,708	927	-	4,635
License & permits	-	1,531	6,122	7,653
Marketing	224,292	-	-	224,292
Membership & affiliation	136,555	-	-	136,555
Miscellaneous	1,090	969	363	2,423
Office expenses	16,116	2,602	-	18,718
Postage & printing	15,094	-	5,614	20,708
Professional fees	55,430	44,477	113,861	213,768
Psychological services	58,273	-	-	58,273
Rent and lease interest expenses	73,506	19,602	4,900	98,008
Salaries	431,717	107,929	-	539,646
Southern smash	3,392	-	-	3,392
Support group	216,183	-	-	216,183
Payroll taxes & employee benefits	58,784	14,176	-	72,960
Travel & meals	12,682	1,106	-	13,788
Utilities	9,039	2,410	603	12,052
Totals	<u>\$ 1,514,419</u>	<u>\$ 234,165</u>	<u>\$ 431,094</u>	<u>\$ 2,179,677</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Auto expenses	\$ 7,184	\$ 2,395	\$ -	\$ 9,579
Bank & credit card fees	48	2,863	2,815	5,726
Computer	22,386	7,778	9,900	40,064
Conferences	24,501	-	-	24,501
Depreciation & amortization	57,718	15,392	3,848	76,958
Event expenses	-	-	206,029	206,029
Independent contractors	49,041	982	490	50,513
Insurance	3,475	869	-	4,344
Licenses	6,067	-	-	6,067
Marketing	197,412	-	3,305	200,717
Membership	15,776	-	-	15,776
Miscellaneous	1,066	803	-	1,869
Office expenses	14,494	2,827	-	17,321
Postage & printing	18,876	-	6,398	25,274
Professional fees	-	56,336	-	56,336
Psychological services	89,600	-	-	89,600
Rent	76,587	16,089	4,021	96,697
Salaries	379,174	98,791	41,686	519,651
Southern smash	2,439	-	-	2,439
Support group	115,893	-	-	115,893
Payroll taxes & employee benefits	58,494	19,238	13,865	91,597
Travel & meals	12,983	948	539	14,470
Utilities	10,170	2,133	514	12,817
Totals	\$ 1,163,384	\$ 227,444	\$ 293,410	\$ 1,684,238

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 & 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ (83,905)	\$ 222,160
<i>Adjustments to reconcile increase in net assets to net cash used in operating activities:</i>		
Depreciation and amortization	73,401	76,958
Net realized and unrealized (gains) losses on investments	(29,684)	22,016
<i>Changes in operating assets and liabilities:</i>		
Promise to give	(124,342)	2,500
Grant and other receivable	-	571
Prepaid expenses	(2,052)	(14,107)
Right of use asset	-	(619,394)
Accounts payable	(4,621)	17,021
Accrued payroll and related liability	13,165	9,803
Refundable grant advances	10,000	8,000
Other refundable advances	(4,865)	36,865
Deferred rent	98	1,869
Deferred revenue	-	(10,000)
Lease incentive liability	(23,200)	(23,200)
Operating lease liability	-	619,394
Net cash (used in) provided by operating activities	<u>(176,005)</u>	<u>350,456</u>
Cash flows used in investing activities:		
Purchase of investments	(28,437)	(581,377)
Purchase of property and equipment	-	-
Net cash used in investing activities	<u>(28,437)</u>	<u>(581,377)</u>
Cash flows from financing activities:		
Lease interest expenses	8,262	-
Net cash provided by investing activities	<u>8,262</u>	<u>-</u>
Decrease in cash and cash equivalents	(196,180)	(230,921)
Cash and cash equivalents, beginning of year	<u>1,455,791</u>	<u>1,686,712</u>
Cash and cash equivalents, end of year	<u>\$ 1,259,611</u>	<u>\$ 1,455,791</u>
<i>Supplemental disclosure of cash flow information:</i>		
In-kind services	<u>\$ 45,585</u>	<u>\$ 35,000</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

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.

Basis of accounting

The Alliance's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Basis of presentation

The Alliance records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Alliance and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Alliance's Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Alliance or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Alliance. Generally, the donors of these assets permit the Alliance to use all or part of the earnings on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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 the reported amounts of revenues and expenses during the reporting period. The use of estimates includes, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Cash and cash equivalents

Cash and cash equivalents consist of non-interest-bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short term investments with a maturity date of three months or less from the date of purchase. The alliance had deposits that exceeded federal deposit insurance by approximately \$766,000 and \$932,000 at December 31, 2023 and 2022, respectively.

Investments

Investments are presented in the financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. Investments consist of funds invested in mutual funds, exchange traded funds (ETF's) and stocks. The mutual funds and exchange traded funds are held by a brokerage firm for the benefit of the Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Investment income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings and realized and unrealized gains and losses are included in the Statement of Activities. Investment expenses are netted against investment income.

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 2023. 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.

Impairment of Long-Lived Assets

The Alliance reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. No impairment loss has been recognized by the Alliance for the year ended December 31, 2023.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Alliance. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 statements of financial position.

Revenue recognition

- **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, 2023 and 2022, the Alliance had refundable grant advances of \$64,000, and \$54,000, respectively, related to a recurring conditional grant from a not-for-profit foundation.

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 \$35,000 were received and recorded as contribution revenue and corresponding expenses during the years ended December 31, 2023 and 2022, 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. In-Kind Materials and Services.

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.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Revenue recognition continued

Special event revenue for a future year's period is deferred and recognized when the event takes place. At December 31, 2023 and 2022, the Alliance had other refundable advances of \$61,750 and \$135,365, respectively, related to special event revenues received in advance.

- **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.

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, 2023 and 2022. Psychological services fees are generally paid when the services are rendered.

- **In-Kind Donations**

In-kind materials and services are reflected upon receipt and are recorded at cost or estimated cost, where practicable, as expenses for program services. The contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Volunteer services included licensed medical, dental and ancillary service professionals.

Functional classification of expenses

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to members that fulfill the purposes or mission for which the Alliance exists. Supporting activities are all activities of the Alliance's other than program services and are included in the financial statements as management and general expenses and fundraising expenses.

Expenses are recorded in the period in which the obligation is incurred. Expenses are charges directly to program services or support activities based on specific identification, when possible. Indirect expenses are allocated among the programs and support categories based on the level of benefit received as measured by personnel time and facility usage associated with the activity or function.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Income taxes

National Alliance for Eating Disorders, Inc. is a tax-exempt, not-for-profit corporation under Internal Revenue Code (IRC) Section 501(c) (3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Internal Revenue Service notified National Alliance for Eating Disorders, Inc. that its governing documents and plan of operations were designed in accordance with section 501(c)(3) of the Internal Revenue Code (the Code)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Alliance and recognize a tax liability if National Alliance for Eating Disorders, Inc. has taken an uncertain position that more than likely would not be substantiated upon examination by the tax authorities. Management monitors the on-going financial and functional activities undertaken by the Alliance for compliance with its exempt status requirements and has concluded that for the tax reporting period ended December 31, 2023, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Alliance is no longer subject to income tax examinations for years prior to 2020.

Recently Adopted Accounting Pronouncements

- Effective January 1, 2022, the Alliance adopted FASB ASC 842, *Leases*. The Alliance determines if an arrangement contains a lease at inception based on whether the Alliance has the right to control the asset during the contract period and other facts and circumstances. The Alliance elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.
- The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets of \$548,849, lease interest expenses of \$8,262 and operating lease liabilities of \$557,111 as of December 31, 2023, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Variable lease costs are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur. *(See Note D)*
- *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, will be effective for the year ending December 31, 2022. ASU 2020-07 seeks to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation. The reclassifications had no effect on previously reported net assets or increase in net assets.

NOTE B - INVESTMENTS

Investments as of December 31, 2023 and 2022 are classified as follows:

	2023	2022
Equity mutual funds	\$ 605,916	\$ 577,478
Exchange traded funds (ETF)	77,222	63,861
Stocks	107,960	91,638
	\$ 791,098	\$ 732,977

The Organization's investments in mutual funds, ETF's and stocks are exposed to various risks, such as market risk, interest rate risk, and credit risks. In addition, certain investments may be subject to additional risks including foreign currency risk, derivatives risk, foreign and emerging markets risk, leveraging risk, liquidity risk, multi-manager risk, real estate risk and small company risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023 and 2022.

	2023	2022
Leasehold Improvement	\$ 500,565	\$ 500,565
Equipment	30,239	30,239
Less: Accumulated depreciation	(213,674)	(140,273)
Property and equipment, net	\$ 317,130	\$ 390,531

Total depreciation expense for the years ended December 31, 2023 and 2022 amounted to \$73,401, and \$76,958, respectively.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE D – OPERATING LEASE COMMITMENT

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 April 2026 and office equipment under a sixty-three-month noncancelable lease, expiring in December 2024. Rent expense under the office lease for the years ended December 31, 2023 and 2022 were \$98,008 and \$96,697; auto and equipment lease expenses are included on the income statements in auto and office expenses, respectively.

Future minimum rental payments due under the leases as of December 31, 2023 were as follows:

Year ending December 31,		
2024	\$	135,985
2025		133,698
2026		132,561
2027		134,840
2028 and Thereafter		68,418
	\$	605,502
Present value of future minimum lease payments	\$	548,849

The Alliance also subleases a portion of its occupied space to medical professionals on a short-term basis, pursuant to the 7-year operating lease agreement noted above. The sublease agreement provides for monthly rental receipts of approximately \$2,800. Total rental income received amounted to \$33,600 and \$31,600 for the years ended December 31, 2023 and 2022, respectively and it was included in other income on the statements of activities.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE E- NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, and 2023 and 2022, the Alliance had \$31,652 and \$61,510, respectively, of net assets with donor restrictions. 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 with donor-imposed restrictions for the years ended December 31, 2023 and 2022, as follows:

	2023	2022
Tampa Walk	\$ -	\$ 17,352
Baton Rouge Tailgate	-	7,650
Parkview Physicians Group	-	6,102
Pennington Foundation Grant	5,000	8,781
Highmark Delaware	-	3,306
Courses and Conversations Orlando	-	18,319
FEDUP Affiliation	19,914	-
Mid-Atlantic Affiliation	6,738	-
	\$ 31,652	\$ 61,510

NOTE F- IN-KIND MATERIALS AND SERVICES

In-kind support for the years ended December 31, 2023 and 2022 consisted of:

	2023	2022
Licensed Health Care Providers	\$ 30,585	\$ 20,000
Other Professional Services	15,000	15,000
	\$ 45,585	\$ 35,000

NOTE G - CONCENTRATIONS

Financial instruments which potentially subject the Alliance to concentrations of credit risk consist principally of cash and cash equivalents. The Alliance maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. The Alliance has not experienced any losses in such accounts. The Alliance received a substantial amount of its revenue and support from private funding sources. A significant reduction in the level of this support could have a significant effect on the Alliance's services and activities.

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE H - LIQUIDITY

The following reflects the Alliance's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

	2023	2022
Financial Assets		
Cash and cash equivalent	\$ 1,259,611	\$ 1,455,791
Promise to give	124,342	-
Investments	791,098	732,977
Total financial assets, at year-end	2,175,051	2,188,768
Less those unavailable for general expenditures within one year due to:		
Donor restricted	31,652	61,510
Financial assets available to meet cash needs for general expenditures within	\$ 2,143,399	\$ 2,127,258

NOTE I - FAIR VALUE MEASUREMENTS

The costs and fair value of investments at December 31, were as follows:

<u>2023</u>				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$605,916	\$ -	\$ -	\$605,916
Exchange traded funds	77,222	-	-	77,222
Stocks	107,960	-	-	107,960
Total Fair Value	\$791,098	\$ -	\$ -	\$791,098
<u>2022</u>				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$577,478	\$ -	\$ -	\$577,478
Exchange traded funds	63,861	-	-	63,861
Stocks	91,638	-	-	91,638
Total Fair Value	\$732,977	\$ -	\$ -	\$732,977

NATIONAL ALLIANCE FOR EATING DISORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE I – FAIR VALUE MEASUREMENTS, CONTINUED

The Organization uses a three-tier hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable market inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for similar assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted process for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for assets or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of each fiscal year. There were no transfers between levels during the year ended December 31, 2023.

The primary use of fair value measurements in the Organization's financial statements are the measurement of in-kind contributions.

NOTE J – SUBSEQUENT EVENTS

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position date, December 31, 2023, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through July 19, 2024, which is the date the financial statements were available to be issued and noted the following.