

**NATIONAL ASSOCIATION OF CATHOLIC
CHAPLAINS, LTD.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
National Association of Catholic Chaplains, Ltd.
Milwaukee, Wisconsin

We have reviewed the accompanying financial statements of National Association of Catholic Chaplains, Ltd. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
February 22, 2021

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 305,117	\$ 79,877
Investments	1,970,836	1,818,413
Pledges Receivable	20,000	-
Accounts Receivable	2,086	17,091
Prepaid Expenses	13,536	18,144
Total Current Assets	<u>2,311,575</u>	<u>1,933,525</u>
PROPERTY AND EQUIPMENT, NET	<u>3,721</u>	<u>4,674</u>
OTHER ASSETS		
Pledges Receivable	<u>20,000</u>	<u>-</u>
Total Assets	<u><u>\$ 2,335,296</u></u>	<u><u>\$ 1,938,199</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 30	\$ 576
Accrued Payroll and Benefits	34,131	25,609
Refundable Advance	106,648	-
Deferred Revenues	188,636	197,477
Total Current Liabilities	<u>329,445</u>	<u>223,662</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,785,696	1,633,946
Designated by the Board for Donor Development and Conference Funds	<u>61,993</u>	<u>65,276</u>
Total Without Donor Restrictions	<u>1,847,689</u>	<u>1,699,222</u>
With Donor Restrictions	<u>158,162</u>	<u>15,315</u>
Total Net Assets	<u>2,005,851</u>	<u>1,714,537</u>
Total Liabilities and Net Assets	<u><u>\$ 2,335,296</u></u>	<u><u>\$ 1,938,199</u></u>

See accompanying Notes to Financial Statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS						
Membership Dues	\$ 449,733	\$ -	\$ 449,733	\$ 466,527	\$ -	\$ 466,527
Certification Fees	63,862	-	63,862	70,700	-	70,700
Contributions and Grants	101,770	144,015	245,785	94,369	-	94,369
National Conference	-	-	-	149,996	-	149,996
Educational Events	13,665	-	13,665	14,227	-	14,227
Webinars/Audio Conferences	46,805	-	46,805	45,550	-	45,550
Investment Income, Net	152,426	243	152,669	279,388	315	279,703
Miscellaneous Income	18,779	-	18,779	33,368	-	33,368
Net Assets Released from Restrictions:						
Restricted Funds Utilized	1,411	(1,411)	-	534	(534)	-
Total Revenue, Support, and Gains	<u>848,451</u>	<u>142,847</u>	<u>991,298</u>	<u>1,154,659</u>	<u>(219)</u>	<u>1,154,440</u>
EXPENSES						
Program Services:						
Advocating/Promoting/Chaplaincy	107,787	-	107,787	107,203	-	107,203
Certification	104,109	-	104,109	158,429	-	158,429
CPMC	1,411	-	1,411	-	-	-
Education	104,476	-	104,476	293,318	-	293,318
Member Support	91,868	-	91,868	58,446	-	58,446
Member Networking/Communications	72,882	-	72,882	64,903	-	64,903
Total Program Services	<u>482,533</u>	<u>-</u>	<u>482,533</u>	<u>682,299</u>	<u>-</u>	<u>682,299</u>
Supporting Services:						
Administration/Governance	190,921	-	190,921	189,601	-	189,601
Fundraising	26,530	-	26,530	25,709	-	25,709
Total Supporting Expenses	<u>217,451</u>	<u>-</u>	<u>217,451</u>	<u>215,310</u>	<u>-</u>	<u>215,310</u>
Total Expenses	<u>699,984</u>	<u>-</u>	<u>699,984</u>	<u>897,609</u>	<u>-</u>	<u>897,609</u>
CHANGE IN NET ASSETS	148,467	142,847	291,314	257,050	(219)	256,831
Net Assets - Beginning of Year	<u>1,699,222</u>	<u>15,315</u>	<u>1,714,537</u>	<u>1,442,172</u>	<u>15,534</u>	<u>1,457,706</u>
NET ASSETS - END OF YEAR	<u>\$ 1,847,689</u>	<u>\$ 158,162</u>	<u>\$ 2,005,851</u>	<u>\$ 1,699,222</u>	<u>\$ 15,315</u>	<u>\$ 1,714,537</u>

See accompanying Notes to Financial Statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Program Services						Supporting Services		
	Advocating/ Promoting Chaplaincy	Certification	CPMC	Education	Member Support	Member Networking/ Communications	Administration/ Governance	Fundraising	Total
	Salaries and Benefits	\$ 79,916	\$ 88,811	\$ -	\$ 61,117	\$ 75,980	\$ 54,358	\$ 133,224	\$ 22,521
Contracted Services	-	-	-	-	-	14,000	-	-	14,000
Miscellaneous	-	5	1,411	-	-	-	3,604	-	5,020
Communications and Postage	966	1,137	-	1,137	3,264	1,627	486	-	8,617
Occupancy	-	8,686	-	10,858	10,858	2,172	10,858	-	43,432
Maintenance and Insurance	-	-	-	-	-	-	22,350	-	22,350
Professional Fees	-	-	-	-	-	-	8,227	-	8,227
Printing	71	284	-	284	968	438	142	284	2,471
Subscriptions, Dues, Fees, and Awards	1,243	-	-	4,000	-	-	8,794	-	14,037
Office Supplies	32	798	-	798	798	287	479	-	3,192
Depreciation	-	-	-	-	-	-	953	-	953
Board of Directors	-	-	-	-	-	-	1,060	-	1,060
Committees and Panels	-	-	-	-	-	-	744	-	744
Special Projects	-	-	-	13,021	-	-	-	-	13,021
Marketing, Recruitment and Development	25,559	-	-	-	-	-	-	-	25,559
Certification Commission	-	2,994	-	-	-	-	-	-	2,994
Certification ITEs and Site Coordinators	-	20	-	-	-	-	-	-	20
Certification Interviews	-	1,374	-	-	-	-	-	-	1,374
Annual Campaign	-	-	-	-	-	-	-	3,725	3,725
National Conference	-	-	-	4,739	-	-	-	-	4,739
Educational Events	-	-	-	3,166	-	-	-	-	3,166
Webinar/Audio Conferences	-	-	-	5,356	-	-	-	-	5,356
Total Expenses	\$ 107,787	\$ 104,109	\$ 1,411	\$ 104,476	\$ 91,868	\$ 72,882	\$ 190,921	\$ 26,530	\$ 699,984

See accompanying Notes to Financial Statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	Program Services					Supporting Services		Total
	Advocating/ Promoting Chaplaincy	Certification	Education	Member Support	Member Networking/ Communications	Administration/ Governance	Fundraising	
Salaries and Benefits	\$ 74,747	\$ 78,155	\$ 102,171	\$ 45,794	\$ 45,476	\$ 112,149	\$ 21,868	\$ 480,360
Contracted Services	-	-	-	-	13,290	-	-	13,290
Miscellaneous	-	-	-	-	-	1,403	-	1,403
Communications and Postage	989	1,164	1,164	3,204	1,323	492	-	8,336
Occupancy	-	8,429	10,536	8,427	4,214	10,534	-	42,140
Maintenance and Insurance	-	-	-	-	-	22,074	-	22,074
Professional Fees	-	-	-	-	-	6,558	-	6,558
Printing	2	9	9	665	472	5	9	1,171
Subscriptions, Dues, Fees, and Awards	1,882	2,012	3,500	-	-	7,567	-	14,961
Office Supplies	16	356	356	356	128	212	-	1,424
Depreciation	-	-	-	-	-	952	-	952
Board of Directors	-	-	-	-	-	21,254	-	21,254
Committees and Panels	-	-	-	-	-	6,401	-	6,401
Special Projects	-	-	36,729	-	-	-	-	36,729
Marketing, Recruitment and Development	29,567	-	-	-	-	-	-	29,567
Certification Commission	-	15,015	-	-	-	-	-	15,015
Certification ITEs and Site Coordinators	-	18,735	-	-	-	-	-	18,735
Certification Interviews	-	34,554	-	-	-	-	-	34,554
Annual Campaign	-	-	-	-	-	-	3,832	3,832
National Conference	-	-	120,172	-	-	-	-	120,172
Educational Events	-	-	11,866	-	-	-	-	11,866
Webinar/Audio Conferences	-	-	6,815	-	-	-	-	6,815
Total Expenses	\$ 107,203	\$ 158,429	\$ 293,318	\$ 58,446	\$ 64,903	\$ 189,601	\$ 25,709	\$ 897,609

See accompanying Notes to Financial Statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 291,314	\$ 256,831
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities		
Depreciation	953	952
Realized and Unrealized Gains on Investments	(130,693)	(255,821)
(Increase) Decrease in:		
Pledges Receivable	(40,000)	-
Accounts Receivable	15,005	(14,739)
Prepaid Expenses	4,608	18,266
Increase (Decrease) in:		
Accounts Payable	(546)	(321)
Accrued Payroll and Benefits	8,522	(10,180)
Refundable Advance	106,648	-
Deferred Revenues	(8,841)	(12,884)
Net Cash Flows from Operating Activities	246,970	(17,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,461,985)	(293,800)
Proceeds from Sale of Investments	1,440,255	270,003
Net Cash Flows from Investing Activities	(21,730)	(23,797)
NET CHANGE IN CASH	225,240	(41,693)
Cash - Beginning of Year	79,877	121,570
CASH - END OF YEAR	\$ 305,117	\$ 79,877

See accompanying Notes to Financial Statements.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The National Association of Catholic Chaplains, Ltd. (NACC) is a nonprofit organization organized under the laws of the state of Wisconsin for the purpose of promoting continuing spiritual and educational formation of its membership and Christ-like advocacy in ethical, legal, political and social areas of service in health care ministries. NACC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) except for net income from unrelated business activities. NACC has determined that it has no income from unrelated business activities, and therefore, has no uncertain tax positions that are material to the financial statements. The following is a summary of NACC's program services.

Advocating/Promoting Chaplaincy:

- Collaborative projects with our strategic partners, including both revising our common competencies, common code of ethics, and review revision.
- Research projects.

Certification: All support related to the certification of our members, including receiving and processing applications, prepping and supporting interviews, and organizing and educating all those involved in the education process.

CPMC: Supporting the development of the formation and certification procedures for Catholic Prison Ministries Coalition (CPMC) and supporting the networking among those involved in the prison ministries including townhall meetings and webinars.

Education: The planning, implementation, and evaluation of all education programming including national conference, webinars, and local events.

Member Support: Receiving, processing, and maintaining membership, and potential and current member inquiries, and managing member database.

Member Networking/Communications:

- All member communication vehicles including E-newsletter, E-publications of articles, and networking calls.
- Web communication and development.

Basis of Presentation

NACC reports information regarding its financial position and activities based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donor development and conference funds.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used for the acquisition of long-lived assets are recognized as revenue with donor restrictions. WINC reports expirations of donor's restrictions when the donated or acquired assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash

NACC defines cash as highly liquid, short-term investments with an original maturity of three months or less. Financial instruments that potentially subject NACC to credit risk are cash balances that periodically exceed the Federal insurance limit. Cash held for investment purposes is reported as an investment.

Pledges Receivable

Pledges are recorded as receivables in the year the pledge is received. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. An allowance for uncollectible promises to give is determined based on experience. There was \$0 allowance for uncollectible promises to give for the years ended December 31, 2020 and 2019. The receivable is not discounted because net present value approximates fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Past due receivables are written off after management has used reasonable collection efforts based on individual credit evaluations and specific customer circumstances. NACC does not provide an allowance for uncollectible accounts since none is considered necessary based on management's review of outstanding receivables, historical collection information, and existing economic conditions.

Investments

Investments consisting of cash equivalents, fixed income securities and equity securities are reported at their fair values in the statements of financial position. Investment income (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less direct investment expenses. Investment income restricted by a donor is reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income is recognized.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 5 to 10 years. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statements of activities.

Refundable Advance

NACC received proceeds from the Small Business Association's Payroll Protection Program during 2020. Management expects that all of the proceeds will be treated as a contribution once certain barriers are completed. Management has determined barriers for the recognition of these funds to be maintenance of full-time equivalents, incurrence of allowable costs as defined under the program, and submission and approval of forgiveness application to obtain forgiveness. Management expects those barriers to be overcome during the year ending December 31, 2021. Because these barriers have not been overcome as of December 31, 2020, an advance payment of \$106,648 has been recognized in the statement of financial position as a refundable advance.

Revenue Recognition

Membership Dues – Membership dues are on an anniversary-date basis and are recognized ratably over the membership period since there are no distinct performance obligations and the general member benefits are considered a bundled group of performance obligations that are delivered to members throughout the membership period. Unearned membership revenue is reflected as deferred revenue on the statements of financial position.

Certification Fees – Certification fees are recognized as revenue as the certification process takes place. The portion related to future periods is recorded as deferred revenue.

National Conference, Educational Events, and Webinars/Audio Conferences – National conference, educational events, and webinars/audio conferences revenues are recognized as the events take place. Amounts collected for an event to be held in a subsequent year are recorded as deferred revenue.

Contributions and Grants – Contributions and grants are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in 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 and reported in the statements of activities as net assets released from restrictions.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conference Expenses

Expenditures for conference goods and services are recognized as expenses during the year in which the conference is held. Amounts paid for a conference to be held in a subsequent year are recorded as prepaid expenses.

Compensated Absences and Vacations

The financial statements include a liability for compensated absences and vacations for all employees who held vested rights to such compensation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses specifically identifiable with a function are charged to that function. The expenses that are allocated include occupancy which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

NACC evaluated subsequent events through February 22, 2021, the date the financial statements were available to be issued.

Recent Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their statements of financial position as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statements of activities largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct-financing leases. In May 2020, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for NACC's year ending December 31, 2022, with early adoption permitted. Management will be evaluating the effects of this new standard.

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2020</u>	<u>2019</u>
Cash	\$ 305,117	\$ 79,877
Investments	1,970,836	1,818,413
Pledges Receivable	20,000	-
Accounts Receivable	2,086	17,091
Less Net Assets With Donor Restrictions	<u>(158,162)</u>	<u>(15,315)</u>
Total	<u>\$ 2,139,877</u>	<u>\$ 1,900,066</u>

As part of NACC's liquidity management plan, NACC invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 3 RETIREMENT PLAN

NACC has a retirement plan qualified under Section 403(b) of the IRC. For 2020 and 2019, NACC contributed 5.5% of gross salaries to the plan for qualified employees; or, \$19,062 and \$20,252, respectively. Employees may make contributions to the plan up to the maximum amount allowed by the IRC if they wish. The plan covers all employees; however, an employee must be at least 21 years of age and complete at least one year of service (1,000 hours) to receive employer base contributions.

NOTE 4 REVENUE

The following table shows NACC's revenue disaggregated according to the timing of the transfer of goods or services:

Revenue Recognized over Time	<u>2020</u>	<u>2019</u>
Membership Dues	\$ 449,733	\$ 466,527
National Conference	-	149,996
Educational Events	13,665	14,227
Webinars/Audio Conferences	46,805	45,550
Certification Fees	63,862	70,700
Miscellaneous Income	<u>18,779</u>	<u>33,368</u>
	<u>\$ 592,844</u>	<u>\$ 780,368</u>

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 5 CONTRACT ASSETS AND CONTRACT LIABILITIES

NACC's contract assets and liabilities consist of:

	<u>2020</u>	<u>2019</u>
Accounts Receivable		
Accounts Receivable - Conferences	\$ -	\$ 15,000
Accounts Receivable - Miscellaneous Income	2,086	2,091
	<u>\$ 2,086</u>	<u>\$ 17,091</u>
Deferred Revenue		
Deferred Revenue - Certification Fees	\$ 17,492	\$ 18,775
Deferred Revenue - Membership Dues	171,144	178,702
	<u>\$ 188,636</u>	<u>\$ 197,477</u>

NOTE 6 NET ASSETS

The following is a summary of the board-designated net assets as of December 31:

	<u>2020</u>	<u>2019</u>
Conference Fund	\$ 23,708	\$ 23,708
Donor Development Fund	38,285	41,568
Total	<u>\$ 61,993</u>	<u>\$ 65,276</u>

The following is a summary of the net assets with donor restrictions as of December 31:

	<u>2020</u>	<u>2019</u>
Continuing Education Fund	\$ 15,558	\$ 15,315
Catholic Prison Ministry Coalition	142,604	-
Total	<u>\$ 158,162</u>	<u>\$ 15,315</u>

A maximum of 4% interest per year can be added to the Continuing Education Fund to be used towards the next year's Conference Scholarship Fund.

NOTE 7 INVESTMENTS

The fair values of the NACC's professionally-managed investments, were comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash Equivalents	\$ 213,066	\$ 212,370
Fixed Income Mutual Funds	411,887	376,301
Equity Mutual Funds	1,345,883	1,229,742
Subtotal	1,970,836	1,818,413
Unrealized Gain	(787,200)	(656,283)
Cost Basis at December 31	<u>\$ 1,183,636</u>	<u>\$ 1,162,130</u>

NATIONAL ASSOCIATION OF CATHOLIC CHAPLAINS, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

NOTE 7 INVESTMENTS (CONTINUED)

Investment income, net consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 21,976	\$ 23,882
Realized and Unrealized Gains	130,693	255,821
Total	<u>\$ 152,669</u>	<u>\$ 279,703</u>

NACC utilizes various methods to measure the fair value of its investments on a recurring basis. Financial accounting standards establish a hierarchy that prioritizes inputs to valuation methods. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on unobservable inputs and requires management to use their own assumptions on valuation. All of NACC's investments are measured using Level 1 inputs.

NOTE 8 OPERATING LEASES

In October 2010, NACC entered into a 36-month lease agreement for its office space commencing on February 1, 2011. In July 2014, this lease was extended until July 31, 2016. In December 2015, this lease was extended again through July 31, 2018. In December 2018, this lease was extended again through July 31, 2020. In September 2019, this lease was extended again through July 31, 2021. In November 2020, this lease was extended again through January 31, 2024. Total annual rent expense attributable to this lease was \$43,432 in 2020 and \$42,140 in 2019, respectively. The minimum future rental commitments under this operating lease are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 30,802
2022	30,244
2023	30,848
2024	2,575
Total	<u>\$ 94,469</u>

NOTE 9 CONTINGENCIES

NACC allows employees to accumulate up to 60 days of sick time. The employee loses any right to this sick pay upon termination. At December 31, 2020 and 2019, this contingent liability amounted to \$68,110 and \$63,619, respectively.

NACC's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

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NOTE 10 CONCENTRATIONS

NACC received approximately 47% of its contributions from two donors for the year ended December 31, 2020.

NOTE 11 RISKS AND UNCERTAINTIES

During March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to NACC, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, additional costs for emergency preparedness, potential shortages of personnel, or potential loss of revenue due to reduction in certain revenue streams. Management believes NACC is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events have continued subsequent to year-end and are still developing.