

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
The American Association of Nurse Attorneys
Birmingham, Alabama

We have reviewed the accompanying financial statements of The American Association of Nurse Attorneys (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 AICPA. 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 review, 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.

Avizo Group, Inc.

Certified Public Accountants

April 22, 2021
Fairhope, Alabama

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 148,327
Prepaid expenses	750
Total current assets	<u>149,077</u>

TOTAL ASSETS	<u>\$ 149,077</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Deferred revenue	\$ 27,250
Due to TAANA Foundation	160
Total current liabilities	<u>27,410</u>

NET ASSETS

Without donor restrictions	<u>121,667</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 149,077</u>
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See independent accountants' review report and notes to the financial statements.

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES AND SUPPORT	
Membership dues	\$ 57,014
Conference income	13,804
Royalty	15,000
Marketing income	10,290
Interest income	<u>3</u>
Total revenues and support	<u>96,111</u>
EXPENSES	
Conference expenses	5,928
General and administrative	17,962
Management fee	<u>45,840</u>
Total expenses	<u>69,730</u>
Change in net assets	26,381
Net assets, beginning of year	<u>95,286</u>
NET ASSETS, END OF YEAR	<u>\$ 121,667</u>

See independent accountants' review report and notes to the financial statements.

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>
Board of directors expenses	\$ 7,074
Conference expenses	5,928
Credit card expenses	1,741
Legal and professional fees	3,861
Office expenses	5,286
Management fees	45,840
	<u>\$ 69,730</u>

See independent accountants' review report and notes to the financial statements.

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 26,381
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease (increase) in prepaid expenses	5,123
Increase (decrease) in deferred revenue	2,495
Increase (decrease) in due to TAANA Foundation	<u>(1,855)</u>
INCREASE IN CASH	32,144
Cash at beginning of year	<u>116,183</u>
CASH AT END OF YEAR	<u><u>\$ 148,327</u></u>

See independent accountants' review report and notes to the financial statements.

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Association of Nurse Attorneys (the Organization) was incorporated for the purpose of providing resources, education and leadership to its members and the healthcare and legal communities regarding health law and policy. Funding is made possible through membership dues and donations from individuals and businesses.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Organization considers cash, time deposits and investments, if any, with an original maturity of three months or less to be cash and cash equivalents.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its *Accounting Standards Codification (ASC)* 958-210-45. The Organization adopted ASU No. 2016-14 which required the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with donor restrictions – These net assets result from gifts or cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

At December 31, 2020 all net assets were without donor restrictions.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. The Organization is incorporated under the laws of Alabama as a tax-exempt organization and no provision for income taxes has been provided in these financial statements.

Generally, income tax returns are subject to examination by taxing authorities for three years after filed.

(continued)

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Revenue Recognition

The Financial Accounting Standard Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Organization adopted the requirements of the new guidance as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for revenue recognition.

The Organization's primary revenues consist of member dues, royalties, conference income and marketing income. Revenue is recognized at a point in time.

Liquidity

The Organization's cash flows are derived from The American Association of Nurse Attorneys' members who pay membership dues, contributions from businesses and individuals, royalty income, and income generated from conferences and marketing. Historically, membership and royalty income has been consistent from year to year, creating an expectation of a stable stream of revenue, while revenue from other sources varies from year to year. Member dues and contributions are not donor restricted and can be used to cover general expenditures. The Organization is expected to maintain sufficient cash flow to fund cash needs for current general expenditures.

THE AMERICAN ASSOCIATION OF NURSE ATTORNEYS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains bank accounts at several banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All accounts are fully insured as of December 31, 2020.

NOTE 3 RELATED PARTY TRANSACTIONS

The Organization has a related party payable to the TAANA Foundation, Inc. in the amount of \$160 as of December 31, 2020. The entities are related through common affiliation.

NOTE 4 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 15, 2021, the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at December 31, 2020.

NOTE 5 UNCERTIANTIES WITH REGARD TO COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 (Coronavirus) outbreak a "Public Health Emergency of International Concern". On March 11, 2020, it was declared to be a pandemic. The spread of the virus has begun to cause business disruption. Actions taken to mitigate the spread include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. While it is unknown how long these conditions will last and what complete financial effect this will have on the Organization, the Organization has taken action to mitigate this risk and does not expect a significant decline in revenue.