Audited Consolidated Financial Statements

AMERICAN SEXUAL HEALTH ASSOCIATION
AND SUBSIDIARY

Year Ended June 30, 2021

Audited Consolidated Financial Statements

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

Year Ended June 30, 2021

RW & Co.

ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

Independent Auditors' Report

Board of Directors
American Sexual Health Association and Subsidiary
Research Triangle Park, North Carolina

We have audited the accompanying consolidated financial statements of American Sexual Health Association (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Sexual Health Association and subsidiary as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of ASU 2014-09
As described in Note A to the consolidated financial statements, the American Sexual Health Association and subsidiary adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

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Independent Auditors' Report--Continued

Other Matters

Report on Summarized Comparative Information
We have previously audited the 2020 consolidated financial statements of American Sexual Health Association and subsidiary and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated January 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
November 2, 2021

Consolidated Statement of Financial Position

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

June 30, 2021
(With comparative totals as of June 30, 2020)

	2021	2020
ASSETS:		
Cash	$ 926,354	$ 317,653
Investments:		
General Fund	303,833	462,009
Endowment Fund	100,076	100,000
Total investments	403,909	562,009
Accounts receivable - contracts and grants	352,761	264,655
Accounts receivable - other	3,030	6,429
Inventory	3,924	4,011
Prepaid expenses	10,456	2,622
Property and equipment, net	-	1,177
TOTAL ASSETS	$ 1,700,434	$ 1,158,556
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 87,166	$ 83,973
Accrued payroll and related liabilities	74,080	54,535
Accrued vacation	39,197	41,466
Deferred revenue	93,079	31,780
Refundable advances:		
PPP forgivable loans	33,775	79,048
Other	280,364	190,364
Total Liabilities	607,661	481,166
Net Assets:		
Without donor restrictions	794,073	307,875
With donor restrictions:		
Other than endowments	198,624	269,515
Held under endowments	100,076	100,000
Total with donor restrictions	298,700	369,515
Total Net Assets	1,092,773	677,390
TOTAL LIABILITIES AND NET ASSETS	$ 1,700,434	$ 1,158,556

See accompanying independent auditors' report and notes to consolidated financial statements.

Consolidated Statement of Activities

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

Year Ended June 30, 2021
(With comparative totals for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Contracts and grants	$ 1,331,985	$ 499,200	$ 1,831,185	$ 1,458,822
Individual and business contributions	60,800	22,154	82,954	79,784
PPP financial assistance	218,273		218,273	107,952
Conference income	525,778		525,778	-
Sales of literature and educational materials	2,911		2,911	26,228
Interest and dividends, net of fees	2,320	872	3,192	4,845
Net change in fair value of investments	51,457	23,222	74,679	51,227
Other income	28,509		28,509	45,784
	2,222,033	545,448	2,767,481	1,774,642
Net assets released from restrictions:				
Released from non-endowed funds	592,245	(592,245)	-	-
Appropriated from endowment funds	24,018	(24,018)	-	-
TOTAL SUPPORT AND REVENUE	2,838,296	(70,815)	2,767,481	1,774,642
EXPENSES:				
Program services:				
Health policy	201,639		201,639	227,676
Consumer communication/education	1,775,313		1,775,313	1,193,535
NCCC	88,901		88,901	160,167
Sexual health promotion	119,672		119,672	144,752
Total program services	2,185,525	-	2,185,525	1,726,130
Support services:				
Management and general	135,426		135,426	203,855
Development	31,147		31,147	29,118
Total support services	166,573	-	166,573	232,973
TOTAL EXPENSES	2,352,098	-	2,352,098	1,959,103
CHANGE IN NET ASSETS	$ 486,198	$ (70,815)	$ 415,383	$ (184,461)
Net assets, beginning of year	$ 307,875	$ 369,515	$ 677,390	$ 861,851
Change in net assets	486,198	(70,815)	415,383	(184,461)
NET ASSETS, END OF YEAR	$ 794,073	$ 298,700	$ 1,092,773	$ 677,390

See accompanying independent auditors' report and notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

Year Ended June 30, 2021
(With comparative totals for the year ended June 30, 2020)

	2021									2020
	Program Services					Support Services				
	Health Policy	Consumer Communication/ Education	NCCC	Sexual Health Promotion	Total Program Services	Management and General	Development	Total Support Services	Total Expenses	Total Expenses
Salaries and wages	$ 164,206	$ 663,015	$ 41,872	$ 59,721	$ 928,814	$ 11,152	$ 5,565	$ 16,717	$ 945,531	$ 869,977
Payroll taxes and fringe benefits	20,631	115,357	3,364	20,612	159,964	3,020	448	3,468	163,432	166,169
Professional services/consultants	5,000	367,910	24,744	25,384	423,038	96,411	5,923	102,334	525,372	509,410
Occupancy	7,200	99,573		7,200	113,973	2,006		2,006	115,979	121,209
Telephone/internet	2,230	196,518		2,229	200,977			-	200,977	114,330
Printing and publications		1,972			1,972			-	1,972	11,303
Postage and shipping		580			580	360		360	940	3,781
Transportation and travel		97		99	196			-	196	25,805
Conferences and meetings		277,937		2,062	279,999	80		80	280,079	27,799
Equipment rental and maintenance		2,014	171		2,185	508	49	557	2,742	17,436
Advertising	628	4,697	2,677	507	8,509			-	8,509	11,471
Insurance					-	14,054		14,054	14,054	13,721
Incentives					-	1,434		1,434	1,434	-
Office supplies and expenses	717	1,938		103	2,758	765		765	3,523	6,243
Dues and reference materials		12,553	2,484	680	15,717	1,219	18,365	19,584	35,301	19,456
Interest expense					-	1,048		1,048	1,048	661
Other bank charges		28,852	1,167		30,019	1,384	786	2,170	32,189	6,595
Chapter expenses			9,871		9,871			-	9,871	12,791
Depreciation/amortization	27	376		27	430	747		747	1,177	902
Miscellaneous expense	1,000	1,924	2,551	1,048	6,523	1,238	11	1,249	7,772	20,044
TOTAL EXPENSES	$ 201,639	$ 1,775,313	$ 88,901	$ 119,672	$ 2,185,525	$ 135,426	$ 31,147	$ 166,573	$ 2,352,098	$ 1,959,103

See independent auditors' report and notes to consolidated financial statements.

Consolidated Statement of Cash Flows

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

Year Ended June 30, 2021
(With comparative totals for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 415,383	$ (184,461)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,177	902
Net change in fair value of investments	(74,679)	(51,227)
Changes in operating assets and liabilities:		
Accounts receivable - contracts and grants	(88,106)	(137,233)
Accounts receivable - other	3,399	293
Inventory	87	2,191
Prepaid expenses	(7,834)	463
Accounts payable and accrued expenses	3,193	39,754
Accrued payroll and related liabilities	19,545	(849)
Accrued vacation	(2,269)	6,544
Deferred revenue	61,299	31,780
Refundable advances - PPP forgivable loans	(45,273)	79,048
Refundable advances - other	90,000	(23,073)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	375,922	(235,868)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distributions from investment portfolio	235,571	36,112
Reinvested interest and dividends, net of fees	(2,792)	-
Transfers to investment portfolio	-	(10,958)
Purchases of property and equipment	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	232,779	25,154
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH	608,701	(210,714)
CASH - BEGINNING OF YEAR	317,653	528,367
CASH - END OF YEAR	$ 926,354	$ 317,653
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 1,048	$ 661

See accompanying independent auditors' report and notes to consolidated financial statements.

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entities: American Sexual Health Association (ASHA/the Organization) is a not-for-profit corporation, organized under the laws of the State of North Carolina. ASHA empowers individuals, families and communities to achieve sexually healthy lives through education and advocacy. ASHA earns revenues by selling informational brochures and newsletters, receiving charitable donations, and servicing grant and contract agreements from other organizations that need call center and data collection services in accordance with ASHA's mission. ASHA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state tax statutes.

During fiscal 2012, National Cervical Cancer Coalition (NCCC, a California public benefit corporation) merged with ASHA and continues to operate as a program of ASHA.

Empatha, Inc. (Empatha/subsidiary) was incorporated in 2005 and is a wholly-owned subsidiary of ASHA. Empatha formerly serviced a call center contract, using ASHA facilities and employees. The call center contract has been serviced directly by ASHA since fiscal 2016-2017. Empatha reported no activity for fiscal 2020-2021 and reported a stockholder's deficit of $523,399 at June 30, 2021 and 2020.

Affiliated Entity: The CEO/President of ASHA is a voting member of the Board of Directors of the American Sexually Transmitted Diseases Association (ASTDA). ASHA provides general management and support services to ASTDA. In fiscal 2020-2021, ASHA recognized revenue of $60,000 for services provided to ASTDA.

Program Services: ASHA's programs include the following:

Health Policy – ASHA's Washington office works to secure sound policy responses to sexual health issues including prevention, treatment, diagnostics and education through efforts with national organizations. ASHA opposes education initiatives that limit access to science-based education. ASHA's key relationships with colleague organizations, federal agencies and project-related corporate efforts support the sexual health of individuals, families and communities in order to foster healthy behaviors and relationships.

Consumer Communication/Education – ASHA operates a state-of-the-art call center providing compassionate, one-on-one services to thousands of individuals. ASHA's websites receive approximately 6 million visitors each year. The websites and educational conferences are the primary means of educating patients, partners, professionals and partner organizations throughout the United States. Each website is regularly updated to ensure accuracy and clear, non-biased information on sexual and reproductive health. ASHA plans and conducts educational conferences annually under a cooperative agreement with a partner entity. ASHA also responds to requests from media sources looking for clarification, quotes and more.

NCCC – HPV and cervical cancer education receive funding from corporations to support our volunteer chapter leaders around the country. The National Cervical Cancer Coalition (NCCC) works to educate people *community by community* and volunteers are at the heart of that effort. Our volunteer local chapter leaders—many of whom are cervical cancer survivors—are passionate about seeking out opportunities to educate people through health fairs, awareness walk/runs, and education and fundraising events. These individuals have demonstrated a true passion to help others and, as a result, thousands of people across the United States have benefitted from their efforts.

Sexual Health Promotion – ASHA works with partner organizations to educate the public and providers on a range of subjects both funded and unfunded. ASHA has set a goal of being a leader in sexual health and works with partner organizations, as well as the federal government, to achieve that goal.

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Basis of Accounting: The consolidated financial statements of ASHA and its subsidiary (Empatha) have been prepared on the accrual basis of accounting whereby income is recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles. All significant inter-entity transactions and accounts have been eliminated in consolidation.

Adoption of ASU 2014-09: Effective July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and related subsequent ASUs, using the modified retrospective method of transition. The core principle of the guidance in ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. The Organization applied the requirements of the standard to agreements that either were not complete at July 1, 2020, or were entered into after July 1, 2020. The adoption of ASU 2014-09 resulted in no significant changes in the way the Organization recognizes revenue; therefore, no cumulative effect adjustment was required as of July 1, 2020. The presentation and disclosures of revenue have been enhanced as required by the standard.

Net Assets: The Organization's net assets have been grouped into the following classes:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are resources available to support the Organization's operations that are not subject to donor-imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its formation documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions: Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that require resources to be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. Refer also to *Note F--Net Assets With Donor Restrictions, Other Than Endowments* and *Note G--Net Assets With Donor Restrictions, Held Under Endowments.*

Recognition of Support: The Organization evaluates contributions, contracts, and grants to determine whether the transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred, or (2) a contribution. If determined to be an exchange transaction, revenue is recognized in accordance with ASC Topic 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based on whether the agreement includes both (1) one or more barriers that must be overcome and (2) either a right of return of assets transferred or a right of release from the donor's obligation to transfer assets. Grants and contributions requiring a match, if any, are considered conditional until the match is satisfied, wholly or in part, as defined by agreement. Cost-reimbursement grants are considered conditional until qualifying expenditures are incurred. Event sponsorships are considered conditional until the event is held. Amounts received in advance of conditions being met are included in refundable advances in the statement of financial position. (Refer also to Note F as pertains to conditional awards.) Grants awarded to the Organization are generally unconditional, are funded in full upon acceptance of the award, and carry a term of one year or less. Support from unconditional grants and contributions is recognized as an increase in either net assets without donor restrictions or net assets with donor restrictions, based on the absence or presence of any donor-imposed restrictions.

PPP Forgivable Loans: The Organization has elected to account for *forgivable loan*s received under the Paycheck Protection Program (PPP), a program administered through the U.S. Small Business Administration and created with the enactment of the Coronavirus Aid, Relief, and Economy Security Act (the CARES Act), as conditional contributions in accordance with ASC Subtopic 958-605. Loan proceeds are held as a refundable advance until qualified expenses are incurred. Support is recognized to the extent of qualifying expenses incurred. Refer also to *Note L--Commitments and Contingencies*.

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Donated Goods and Services: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Volunteer services are not recorded in the consolidated financial statements because the criteria for recognition have not been satisfied.

Recognition of Revenue: In accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, the Organization recognizes revenue when control of the promised goods or services is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization's primary revenue sources that are accounted for as exchange transactions include contract services, registration fees for educational conferences, and sale of educational materials.

Revenue from contract services totaled approximately $1,328,000 for the year ended June 30, 2021, of which approximately $1,112,000 relates to a significant call center contract. The Organization recognizes revenue and bills the customer monthly based on call center services provided. Payment is due within 30 days. Revenue from conference registration fees totaled $525,778 for fiscal 2021, all of which was recognized in connection with the Contraceptive Technologies Conference (C-Tech Conference) held in September 2020.

Deferred revenue at June 30, 2021, includes advances received on service contracts of $63,525 and registration fees of $29,554 collected for the September 2022 C-Tech Conference. All amounts in deferred revenue at June 30, 2021, are expected to be earned and recognized as revenue in fiscal 2022. Deferred revenue at June 30, 2020, included advances on service contracts of $5,850 and registration fees of $25,930 collected for the C-Tech conference that was held in September 2021. All amounts included in deferred revenue at June 30, 2020, were earned and recognized as revenue in fiscal 2021.

Cash Equivalents: The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. ASHA held no cash equivalents at June 30, 2021.

Investments: ASHA's investments at June 30, 2021, consist of funds held with Charles Schwab. The funds are invested in cash, a bank sweep account, fixed income and equity securities, and exchange-traded funds with varying degrees of risk. Investments are carried at fair value based on quoted market prices. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accounts Receivable: Accounts receivable consists of amounts due under contracts and grants. ASHA provides an allowance for doubtful accounts based on historical collection experience and a review of the current status of the existing receivables. Management deems all accounts receivable to be fully collectible; therefore, no allowance is provided at June 30, 2021. Receivables are unsecured and are expected to be collected within a year.

Inventory: Inventory includes brochures and educational materials, and is stated at lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment: All acquisitions of property and equipment in excess of $1,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES -- Continued

Income Taxes: ASHA is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act.

Income taxes for Empatha are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities and their respective tax basis, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred taxes if it is uncertain as to future realization of these benefits.

Management is not aware of any tax positions taken that require disclosure based on current facts and circumstances. ASHA and Empatha review their tax positions annually and have determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Fair Value of Financial Instruments: The carrying values of accounts receivable, accounts payable and accrued liabilities approximate the fair values of such due to the short-term maturity of these financial instruments. Investments are recorded at fair value, as reported by Charles Schwab at June 30, 2021. The carrying value of refundable advances for PPP forgivable loans approximates the fair value of such based on the terms and conditions of the federal program. Refer also to *Note K--Fair Value Measurements.*

Functional Expenses: The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Certain indirect expenses are allocated to programs based on estimated usage and/or benefit.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

Summarized Comparative Information: The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived.

Upcoming Adoption of New Accounting Standard: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, as deferred by ASU 2020-05. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard, including amendments thereto, on the Organization's consolidated financial statements.

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE B -- AVAILABILITY AND LIQUIDITY OF ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use:

Financial assets at June 30, 2021 (cash, investments, and receivables)	$ 1,686,054
Less those unavailable for general expenditures within one year, due to:	
Deferred revenue	(93,079)
Refundable advances - PPP forgivable loans	(33,775)
Refundable advances - other	(280,364)
Net assets with donor restrictions:	
Other than endowments	(198,624)
Held under endowments	(100,076)
Financial assets available to meet cash needs for general expenditures within one year	$ 980,136

NOTE C -- SIGNIFICANT CONCENTRATIONS (including subsequent events)

Support Risk: Approximately 40% of the Organization's total support and revenue for the year ended June 30, 2021, was derived from a call center contract with a nonprofit agency. Due to the increased costs of administering the contract, management has elected not to renew the contract beyond its expiration on December 31, 2021.

Credit Risk: Financial instruments that subject the Organization to the potential concentration of credit risk consist primarily of bank holdings, and accounts receivable. The Organization's bank deposits are held by one bank and are eligible for up to $250,000 of FDIC insurance coverage. At June 30, 2021, the Organization's bank deposits exceeded federally insured limits by approximately $643,000. The Organization has incurred no loss as a result of such.

At June 30, 2021, approximately 92% of *accounts receivable -- contracts and grants* is due under the significant contract referenced in *Support Risk* above.

Market Risk: At June 30, 2021, investments of $403,909 are held with Charles Schwab as described in *Note D--Investments*. Only bank sweep funds are eligible for FDIC coverage. The remaining investments may be eligible for SIPC protection of up to $500,000. However, SIPC protection does not ensure the quality of investments or protect against losses from changing market values.

NOTE D -- INVESTMENTS

In February 2020, ASHA invested $440,000 with Charles Schwab, of which $100,000 is held under permanent endowments. Investments are carried at fair value based on quoted market prices and are summarized as follows at June 30, 2021:

	General Fund	Endowment Fund	Total	
Cash	$ 24,067	$ 329	$ 24,396	6%
Bank sweep	12,241	725	12,966	3%
Fixed income	59,523		59,523	15%
Equities	119,624		119,624	30%
Exchange-traded funds:				
Fixed income	18,313	27,479	45,792	11%
Equities	57,797	66,722	124,519	31%
Other	10,922	4,821	15,743	4%
Other assets	1,346		1,346	0%
Total investments	$ 303,833	$ 100,076	$ 403,909	100%

Net investment income consists of the following for the year ended June 30, 2021:

Investment earnings (net)	$ 2,792
Net change in fair value	74,679
	$ 77,471

Refer also to *Note C--Significant Concentrations, Note G--Net Assets With Donor Restrictions, Held Under Endowments,* and *Note K--Fair Value Measurements.*

NOTE E -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Other equipment	$ 10,894
CPU server	30,181
	41,075
Less: Accumulated depreciation and amortization	(41,075)
	$ -

Depreciation expense for the year ended June 30, 2021 is $1,177.

NOTE F -- NET ASSETS WITH DONOR RESTRICTIONS, OTHER THAN ENDOWMENTS

Net assets with donor restrictions, other than endowments, were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events as specified by donors as follows for the year ended June 30, 2021:

Health policy	$ 346,000
Consumer communication/education	90,000
NCCC	106,245
Sexual health promotion	50,000
	$ 592,245

Net assets with donor restrictions, other than endowments, are available for the following purposes at June 30, 2021:

Health policy	$ 25,000
Consumer communication/education	35,000
NCCC	60,000
Sexual health promotion	78,624
	$ 198,624

Conditional Awards: Promises to give (made to the Organization) of $314,139 remain conditional at June 30, 2021. Advances received on these awards of $314,139 are included in refundable advances on the statement of financial position. The Organization expects to recognize support of $123,775 from these awards in fiscal 2022, upon the incurrence of qualifying expenditures. Management is uncertain as to whether the conditions associated with an award of $190,364 will be satisfied in fiscal 2022. Refer also to Note A for the Organization's policy with regard to the *Recognition of Support.*

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS

Net assets with donor restrictions, held under endowments, are comprised of endowment funds that are restricted by donors to investment in perpetuity, with the net earnings thereon available for ASHA's general use.

In July 2011, ASHA placed endowment funds of $100,000 in agency with Triangle Community Foundation (TCF). In late-January 2020, these funds were withdrawn from TCF; in early-February 2020, endowment funds of $100,000 were placed with Charles Schwab. At June 30, 2021, the endowment portfolio is invested in ex-change traded funds, approximately 67% of which are invested in equities. This is consistent with the Organization's objectives to provide income for its general use and to achieve moderate growth in endowment assets, without subjecting them to substantial risk. Earnings on endowment funds may be appropriated for ASHA's general use.

The composition of endowment net assets by fund type is as follows at June 30, 2021:

	Subject to Approp'n	Subject to Investment in Perpetuity	Total
Donor-restricted endowment funds	$ 76	$ 100,000	$ 100,076

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS, HELD UNDER ENDOWMENTS -- Continued

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	Subject to Approp'n	Subject to Investment in Perpetuity	Total
Endowment net assets, June 30, 2020	$ -	$ 100,000	$ 100,000
Contributions	-	-	-
Investment return:			
Interest/dividend income, net*	872	-	872
Net change in fair value	23,222	-	23,222
Total investment return	24,094	-	24,094
Appropriated for expenditure	(24,018)	-	(24,018)
Endowment net assets, June 30, 2021	$ 76	$ 100,000	$ 100,076

*Net administrative fees of $862

FASB ASC 958-205 provides guidance on the net asset classification of board-designated and donor-restricted endowment funds held by nonprofit organizations, subject to an enacted version of UPMIFA (the *Uniform Prudent Management Institutional Funds Act*). The Organization holds only donor-restricted endowment funds. Therefore, unless stated otherwise in the gift instrument, assets held under endowments are considered donor-restricted assets until appropriated for expenditure by the Organization. Endowment net assets are disaggregated further by the Organization as to which amounts are subject to appropriation by ASHA or to investment in perpetuity. The Organization considers the following to be subject to investment in perpetuity: (1) the original value of gifts donated to endowments, (2) the original value of subsequent gifts to endowments, and (3) accumulations to endowments made in accordance with the direction of the applicable donor gift instruments. Net investment income is considered available for appropriation unless otherwise directed by the gift instrument.

NOTE H -- OPERATING LEASES

The Organization leases its primary office space under an operating lease that expires in February 2023. Rent expense (including TICAM) approximated $113,974 for the year ended June 30, 2021. The Organization also leased a copier under an operating lease that expired in August 2020. Lease expense approximated $2,347 for the year ended June 30, 2021.

Future minimum rentals (excluding TICAM) required under office space lease, are as follows at June 30, 2021:

Years Ending June 30,	
2022	$ 112,646
2023	71,812
Thereafter	-
	$ 184,458

NOTE I -- RETIREMENT PLAN

The Organization has established a 401(k) retirement plan for its employees. Eligible employees may contribute a portion of their earnings each year, not to exceed the maximum allowed by the Internal Revenue Service. For the year ended June 30, 2021, ASHA contributed a Safe Harbor match on each eligible employee's deferrals up to 5% of the participant's compensation. Employer Safe Harbor matching contributions approximated $22,974 for fiscal 2020-2021. The plan also provides for discretionary matching contributions, as well as discretionary employer nonelective contributions; however, no discretionary employer contributions were approved for fiscal 2020-2021.

NOTE J -- INCOME TAXES (EMPATHA)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows at June 30, 2021:

Deferred tax asset:	
Net operating loss:	
Federal	$ 109,914
State	13,085
	122,999
Valuation allowance	(122,999)
Net deferred tax asset	$ -

At June 30, 2021, Empatha has $523,000 in net operating loss carryforwards that will begin to expire in fiscal 2026 for federal purposes and in fiscal 2021 for state purposes. Net operating loss carryforwards of approximately $159,801 for state purposes expired as of June 30, 2021.

NOTE K -- FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority.

The following represents assets measured at fair value on a recurring basis by the Organization at June 30, 2021:

June 30, 2021	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments, excluding cash and bank sweep held by broker	$ 366,547	$ 366,547	$ -	$ -

Level 1: Investments are carried at fair value based on quoted market prices. Refer also to *Note D--Investments*.

At June 30, 2021, the Organization has no assets or liabilities classified within Levels 2 or 3 of the fair value hierarchy.

NOTE L -- COMMITMENTS AND CONTINGENCIES

Grantor Audits: Financial assistance from various awarding agencies is subject to special audit. Such audits could result in claims against the Organization for disallowable costs or noncompliance with grantor restrictions. Management is aware of no costs that may be disallowed or instances of noncompliance with grantor restrictions that could result in such claims. Consequently, no provision has been made for liabilities, if any, that may arise from future audits.

Cancellation Penalties: ASHA has contracted with a hotel in Atlanta, Georgia to provide host services for its Contraceptive Technologies Conference (C-Tech Conference) in September 2022. The hotel also recently hosted the C-Tech Conference held in September 2021. The 2022 event is expected to be conducted as planned; however, should the event be cancelled, ASHA could be subject to significant cancellation penalties. Management believes any such penalties would be absorbed equally by ASHA and its conference partner.

Impact of COVID-19: On March 11, 2020, the World Health Organization declared COVID-19 a global health pandemic. The World Health Organization (WHO) declared the COVID-19 outbreak a pandemic on March 11, 2020. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Due to these uncertainties, the Organization applied for a *forgivable loan* under the Paycheck Protection Program (PPP), a program administered through the U.S. Small Business Administration (SBA) and created with the enactment of the Coronavirus Aid, Relief, and Economy Security Act (CARES Act). A loan of $187,000 was approved and funded on April 22, 2020. The loan was forgiven in full by the SBA on April 26, 2021. Financial assistance of $79,048 and $107,952 was recognized for the years ended June 30, 2021 and 2020, respectively, based on qualifying expenses incurred.

The Organization received a second PPP loan of $173,000 on February 12, 2021. Management expects the PPP loan to be eligible for forgiveness based on the Organization's use of all proceeds therefrom to fund eligible payroll or other qualifying expenses within twenty-four weeks of receipt. Financial assistance of $139,225 was recognized for the year ended June 30, 2021, based on qualifying expenses incurred, leaving a balance of $33,775 in refundable advances at June 30, 2021. Per program guidelines, any portion of a loan that is not eligible for forgiveness will bear interest at 1.0%, with payments of interest deferred until SBA determines the amount of the loan that will be forgiven and pays that amount to the lender. Thereafter, the note will require monthly payments of principal and interest over the remainder of the five-year term. PPP loans are not secured by the borrower. Refer also to Note A as pertains to *PPP Forgivable Loans.*

At the date on which the consolidated financial statements were available to be issued, the State is working to ensure that every North Carolinian has access to a COVID-19 vaccine and certain public health restrictions remain in effect to protect against the spread of the virus and its variants. ASHA's employees continue to work remotely to provide program and support services via phone, video conferences, and e-mail. Management continues to monitor the situation; however, the future impact of the coronavirus threat on the Organization's operations cannot be reasonably estimated at this time.

NOTE M -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 2, 2021, the date on which the consolidated financial statements were available to be issued. No further adjustments to or disclosures in the consolidated financial statements are considered necessary.