

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS
FINANCIAL STATEMENTS
DECEMBER 31, 2021

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
National Organization of Alternative Programs
Birmingham, Alabama

We have reviewed the accompanying financial statements of the National Organization of Alternative Programs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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.

We are required to be independent of National Organization of Alternative Programs and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Certified Public Accountants

April 7, 2022
Brewton, Alabama

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shareholders J. Earl Blackmon, CPA • Dennis E. Sherrin, CPA • Rachel G. Young, CPA • G. Allen Cave, Jr., CPA
of counsel Xavier A. Hartmann, III, CPA • Rucker T. Taylor, III, CPA • Sally S. Wagner, CPA

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 215,004
Prepaid expenses	4,119
Total current assets	<u>219,123</u>

TOTAL ASSETS	<u>\$ 219,123</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Deferred revenue	\$ 11,650
Total current liabilities	<u>11,650</u>

NET ASSETS

Without donor restrictions	<u>207,473</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 219,123</u>
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NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES AND SUPPORT	
Membership dues	\$ 14,350
Conference income	22,575
Other income	284
Total revenues and support	<u>37,209</u>
EXPENSES	
Conference expenses	4,900
General and administrative	3,905
Management fee	29,660
Total expenses	<u>38,465</u>
Change in net assets	(1,256)
Net assets, beginning of year	<u>208,729</u>
NET ASSETS, END OF YEAR	<u>\$ 207,473</u>

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>
Board of directors expenses	\$ 296
Conference expenses	4,900
Credit card expenses	1,021
Legal and professional fees	1,469
Office expenses	1,119
Management fees	29,660
	<u>\$ 38,465</u>

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (1,256)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease (increase) in prepaid expenses	(2,859)
Increase (decrease) in deferred revenue	<u>4,150</u>
INCREASE IN CASH	35
Cash at beginning of year	<u>214,969</u>
CASH AT END OF YEAR	<u><u>\$ 215,004</u></u>

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

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The National Organization of Alternative Programs (NOAP) (the Organization) was incorporated for the purpose of promoting public safety through participation of healthcare professionals in monitored rehabilitation and recovery as an alternative to license discipline; emphasizing fitness to practice and retention of competent professionals. 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, 2021, 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)

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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 Standards 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 excludes from its scope revenue recognition related to investment income, contributions and donations. 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. Collectively, the Organization refers to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Organization adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. As a result, the Organization evaluated the necessity of a cumulative adjustment to net assets as of January 1, 2019, to reflect the effect of the new guidance. After analysis, it was determined an adjustment to the components of revenue as listed below was unnecessary based on the nature of our revenue recognition policies in accordance with the new standards versus the application of the prior standards. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, and deferred costs. Additional disclosures related to revenue are included in Note 3.

Liquidity

The Organization's cash flows are derived from the National Organization of Alternative Programs' members who pay membership dues, contributions from businesses and individuals, and income generated from conferences and marketing. Historically, membership 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.

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021.

NOTE 3 REVENUE RECOGNITION

Revenue is recognized when performance obligations with the customer are satisfied. For membership dues, this generally occurs evenly over the contract (over time), when control of the promised products or services is transferred to the member. All other revenues are recognized at a single point in time when ownership, risks and rewards transfer.

Disaggregation of revenue: The following table presents revenue disaggregated by performance obligation and timing of revenue recognition:

	At a Point in Time	Over Time
Membership dues	\$ -	\$ 14,350
Conference income	22,575	-
Other income	284	-
	<u>\$ 22,859</u>	<u>\$ 14,350</u>

Membership dues: NOAP receives membership dues for certain benefits Members receive for being a Member of NOAP. Revenue is recognized over time as Members receive and consume the benefits provided by NOAP over the year. Membership dues are billed annually and are due and typically received within 30 days of the billing date.

Conference income: Registration fees are generated from fees to participants to attend the NOAP's annual conference. Prices vary by type of registrant (e.g. members, nonmembers). Revenue is recognized at a point in time when the conference takes place.

Other income: Other income includes donations received and other various revenue sources.

Contract balances: The timing of revenue recognition, billings, and cash collections resulted in deferred revenue contract liabilities on the statement of financial position. Deferred revenue consists of amounts billed and received in advance for membership dues and conference fees. Amounts will be recognized in the year the dues or conference are in effect. NOAP had \$11,650 in deferred revenue as of December 31, 2021.

NATIONAL ORGANIZATION OF ALTERNATIVE PROGRAMS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 7, 2022, the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at December 31, 2021.

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.