

FINANCIAL STATEMENTS



National WIC Association

**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

NATIONAL WIC ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National WIC Association
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the National WIC Association (the Association), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Association's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 18, 2025

NATIONAL WIC ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,454,408	\$ 670,515
Investments	4,494,911	5,000,381
Accounts receivable	924,384	467,548
Grants and contributions receivable	623,333	1,978,100
Prepaid expenses	54,919	118,751
Security and other deposits	<u>37,493</u>	<u>2,667</u>
Total current assets	<u>7,589,448</u>	<u>8,237,962</u>
PROPERTY AND EQUIPMENT, NET	<u>195,838</u>	<u>31,168</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net	100,000	250,000
Right-of-use assets, net	<u>1,235,806</u>	<u>-</u>
Total noncurrent assets	<u>1,335,806</u>	<u>250,000</u>
TOTAL ASSETS	<u>\$ 9,121,092</u>	<u>\$ 8,519,130</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 414,587	\$ 573,751
Accrued salaries and related benefits	280,930	360,259
Deferred revenue	170,305	730,019
Operating lease liability	126,363	-
Financing lease obligation	<u>14,575</u>	<u>16,747</u>
Total current liabilities	<u>1,006,760</u>	<u>1,680,776</u>
NONCURRENT LIABILITIES		
Financing lease obligation, net	-	14,575
Operating lease liability, net	<u>1,134,997</u>	<u>-</u>
Total noncurrent liabilities	<u>1,134,997</u>	<u>14,575</u>
Total liabilities	<u>2,141,757</u>	<u>1,695,351</u>
NET ASSETS		
Without donor restrictions	4,419,773	3,860,972
With donor restrictions	<u>2,559,562</u>	<u>2,962,807</u>
Total net assets	<u>6,979,335</u>	<u>6,823,779</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,121,092</u>	<u>\$ 8,519,130</u>

NATIONAL WIC ASSOCIATION

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Recruitment and retention campaign	\$ 1,433,642	\$ -	\$ 1,433,642	\$ 1,709,059
Grants and contributions	336,361	1,140,000	1,476,361	3,537,034
Conferences	1,340,895	-	1,340,895	1,457,543
Gross profit (loss) on sales, net cost of goods sold	775,256	-	775,256	(39,403)
Membership	763,363	-	763,363	697,935
Net investments return	669,317	-	669,317	(880,403)
Contract revenue	244,040	-	244,040	8,833
Other income	6,349	-	6,349	95,763
Net assets released from donor restrictions	<u>1,543,245</u>	<u>(1,543,245)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>7,112,468</u>	<u>(403,245)</u>	<u>6,709,223</u>	<u>6,586,361</u>
EXPENSES				
Program Services:				
Recruitment and Retention Campaign	1,316,456	-	1,316,456	1,618,316
Conferences	985,667	-	985,667	860,305
Membership	474,885	-	474,885	384,848
Grants	143,099	-	143,099	165,717
Lobbying	<u>48,000</u>	<u>-</u>	<u>48,000</u>	<u>48,000</u>
Total program services	<u>2,968,107</u>	<u>-</u>	<u>2,968,107</u>	<u>3,077,186</u>
Supporting Services:				
Management and General	3,428,204	-	3,428,204	3,003,664
Fundraising	<u>157,356</u>	<u>-</u>	<u>157,356</u>	<u>423,160</u>
Total supporting services	<u>3,585,560</u>	<u>-</u>	<u>3,585,560</u>	<u>3,426,824</u>
Total expenses	<u>6,553,667</u>	<u>-</u>	<u>6,553,667</u>	<u>6,504,010</u>
Change in net assets	558,801	(403,245)	155,556	82,351
Net assets at beginning of year	<u>3,860,972</u>	<u>2,962,807</u>	<u>6,823,779</u>	<u>6,741,428</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,419,773</u>	<u>\$ 2,559,562</u>	<u>\$ 6,979,335</u>	<u>\$ 6,823,779</u>

NATIONAL WIC ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023					
	Program Services					
	Recruitment and Retention Campaign	Conferences	Membership	Grants	Lobbying	Total Program Services
Salaries and related benefits	\$ 12,014	\$ 20,577	\$ 341,907	\$ -	\$ 48,000	\$ 422,498
Advertising and promotion	1,251,836	2,396	509	-	-	1,254,741
Meeting and facilities and food	1,100	785,080	16,327	-	-	802,507
Calendar and related products cost of sales	-	-	612,388	-	-	612,388
Professional fees	-	5,970	12,683	143,099	-	161,752
Subgrants and awards	-	-	-	-	-	-
Occupancy	36,832	27,547	13,272	-	-	77,651
Travel	2,924	77,396	13,946	-	-	94,266
Telecommunications	5,060	-	49,798	-	-	54,858
Dues and subscriptions	2,305	22,859	17,210	-	-	42,374
Bank and finance charges	836	27,996	5,669	-	-	34,501
Supplies and office expense	132	451	2,261	-	-	2,844
Printing and publications	152	293	-	-	-	445
Depreciation and amortization	3,069	2,298	1,107	-	-	6,474
Postage and delivery	196	12,804	196	-	-	13,196
Insurance	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Subtotal	1,316,456	985,667	1,087,273	143,099	48,000	3,580,495
Less: Cost of goods sold included with revenues in the Statement of Activities	-	-	(612,388)	-	-	(612,388)
TOTAL	\$ 1,316,456	\$ 985,667	\$ 474,885	\$ 143,099	\$ 48,000	\$ 2,968,107

See accompanying notes to financial statements.

NATIONAL WIC ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023 (Continued)			2022	
	Supporting Services				
	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and related benefits	\$ 2,176,525	\$ 64,487	\$ 2,241,012	\$ 2,663,510	\$ 2,346,348
Advertising and promotion	44,176	3	44,179	1,298,920	1,558,467
Meeting and facilities and food	104,435	16,165	120,600	923,107	640,423
Calendar and related products cost of sales	-	32,959	32,959	645,347	101,590
Professional fees	308,633	55,725	364,358	526,110	1,215,588
Subgrants and awards	407,392	-	407,392	407,392	72,372
Occupancy	126,889	-	126,889	204,540	172,280
Travel	74,887	14,928	89,815	184,081	120,659
Telecommunications	67,157	3,300	70,457	125,315	228,750
Dues and subscriptions	56,665	849	57,514	99,888	19,551
Bank and finance charges	1,428	-	1,428	35,929	7,861
Supplies and office expense	21,678	695	22,373	25,217	68,423
Printing and publications	17,646	-	17,646	18,091	16,854
Depreciation and amortization	10,924	-	10,924	17,398	15,585
Postage and delivery	3,685	255	3,940	17,136	12,050
Insurance	4,958	949	5,907	5,907	6,917
Interest	1,126	-	1,126	1,126	1,882
Subtotal	3,428,204	190,315	3,618,519	7,199,014	6,605,600
Less: Cost of goods sold included with revenues in the Statement of Activities	-	(32,959)	(32,959)	(645,347)	(101,590)
TOTAL	\$ 3,428,204	\$ 157,356	\$ 3,585,560	\$ 6,553,667	\$ 6,504,010

NATIONAL WIC ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 155,556	\$ 82,351
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	17,398	15,585
Net realized and unrealized (gain) loss on investments	(547,745)	1,065,134
Amortization of right-of-use assets	68,830	-
(Increase) decrease in:		
Accounts receivable	(456,836)	(126,804)
Grants and contributions receivable	1,504,767	(2,228,100)
Prepaid expenses	63,832	(32,237)
Security and other deposits	(34,826)	-
(Decrease) increase in:		
Accounts payable	(159,164)	331,623
Accrued salaries and related benefits	(79,329)	(130,129)
Deferred revenue	(559,714)	(20,432)
Deferred compensation obligation	-	(535,414)
Operating lease liability	(43,276)	-
Net cash used by operating activities	<u>(70,507)</u>	<u>(1,578,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(182,068)	-
Purchase of investments	(2,138,609)	(343,222)
Proceeds from sale of investments	<u>3,191,824</u>	<u>1,830,058</u>
Net cash provided by investing activities	<u>871,147</u>	<u>1,486,836</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on financing lease	<u>(16,747)</u>	<u>(16,361)</u>
Net cash used by financing activities	<u>(16,747)</u>	<u>(16,361)</u>
Net increase (decrease) in cash and cash equivalents	783,893	(107,948)
Cash and cash equivalents at beginning of year	<u>670,515</u>	<u>778,463</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,454,408</u>	<u>\$ 670,515</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 1,126</u>	<u>\$ 1,882</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Asset	<u>\$ 1,304,636</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 1,304,636</u>	<u>\$ -</u>

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National WIC Association (the Association) is a non-profit organization, incorporated in the District of Columbia on July 8, 1985. The Association provides its members with tools and leadership to expand and sustain effective nutrition services for mothers and young children.its members with tools and leadership to expand and sustain effective nutrition services for mothers and young children.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions. See Note 5 for details regarding the Board Designated net assets.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported 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 Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

New accounting pronouncements adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Association that are subject to the guidance in FASB ASC 326 are trade accounts receivable. The Association implemented the ASU on January 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

The Association considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Association maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to recruitment and retention campaign, membership, royalties and sales of recipe guide book. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The calculation of the allowance for credit losses was immaterial to the overall financial statements as of December 31, 2023.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discounts on long-term are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue and are only recorded when they are deemed material to the financial statements (not material as of December 31, 2023). All grants and contributions receivable are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2023 totaled \$17,398.

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes -

The Association is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Support and revenue -

Grants and contributions -

The Association receives grants and contributions, including unconditional promises to give, from many sources, organizations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Association performs an analysis of the individual grant or contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal with ASC Topic 958.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Association had no refundable advances as of December 31, 2023.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. The Association did not have any conditional awards as of December 31, 2023.

The Association has several revenue streams that classified as exchange transactions following ASC Topic 606, and are recorded as revenue when performance obligations are met. The Association has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations is recorded as deferred revenue. Most of the Association's contracts with customers have initial terms of one year or less.

Recruitment and retention campaign fees and membership includes general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period.

Conference revenue consists of participant registration fees is recognized in the Statement of Activities and Change in Net Assets over the period of time in which the events occur.

Contracts for services revenue is recorded over the period of time that the performance obligations are met.

Sales of recipe books, calendars and related products are recognized upon sale of goods.

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising and promotion

The Association expenses the cost of advertising and promotion costs as incurred. Advertising and promotion expense, primarily related to the Recruitment and Retention Campaign was \$1,298,920 for the year ended December 31, 2023.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Association are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

Investment risks and uncertainties -

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Association has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Association has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange-Traded and Mutual Funds* - Valued at the daily closing price as reported by the fund. The funds held by the Association are open-end funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. The funds held by the Association are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Common stocks	\$ 607,656	\$ -	\$ -	\$ 607,656
Exchange-traded funds	254,304	-	-	254,304
Mutual funds	<u>3,632,951</u>	<u>-</u>	<u>-</u>	<u>3,632,951</u>
TOTAL INVESTMENTS	\$ <u>4,494,911</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,494,911</u>

Net investment return consisted of the following for the year ended December 31, 2023:

Interest and dividends	\$ 158,589
Unrealized gain	405,480
Realized gain	142,265
Investment expenses provided by external investment advisors	<u>(37,017)</u>
NET INVESTMENT RETURN	\$ <u>669,317</u>

3. CONTRACT ASSETS AND CONTRACT LIABILITIES

Accounts receivable consisted of the following revenue streams as of December 31, 2023 and January 1, 2023:

	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Recruitment and retention campaign fees	\$ 350,894	\$ 407,594
Membership	3,867	12,399
Conferences	14,459	47,555
Contract revenue	<u>555,164</u>	<u>-</u>
TOTAL ACCOUNTS RECEIVABLE	\$ <u>924,384</u>	\$ <u>467,548</u>

NATIONAL WIC ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Deferred revenue consisted of the following revenue streams as of December 31, 2023 and January 1, 2023:

	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Membership	\$ 138,841	\$ 244,998
Conferences	23,860	54,355
Recruitment and retention campaign fees	<u>7,604</u>	<u>430,666</u>
TOTAL DEFERRED REVENUE	<u>\$ 170,305</u>	<u>\$ 730,019</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Equipment	\$ 331,535
Computer equipment	151,603
Leasehold improvements	<u>10,750</u>
Total property and equipment	493,888
Less: Accumulated depreciation and amortization	<u>(298,050)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 195,838</u>

5. BOARD DESIGNATED NET ASSETS

The Board has designated that a reserve be maintained in net assets without donor restrictions to provide for the orderly administration of the Association's financial affairs from year-to-year and to assure the availability of funds needed from time-to-time to meet extraordinary and nonrecurring needs.

As of December 31, 2023, the Board designated reserve held in cash and investments totaled \$4,560,026.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Subject to expenditure for specified purpose:	
Supplemental Nutrition Program for Women, Infants, and Children	\$ 1,213,900
Healthier foods at Farmer's Markets	590,000
Advancing Racial Equity Community Partnership	248,235
50th Anniversary Campaign	221,072
Reducing Barriers to WIC Enrollment	36,355
Subject to passage of time	<u>250,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,559,562</u>

NATIONAL WIC ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Supplemental Nutrition Program for Women, Infants, and Children	\$ 953,025
Reducing Barriers to WIC Enrollment	150,000
50th Anniversary Campaign	78,928
Expanding member services	34,527
Advancing Racial Equity Community Partnership	1,765
Timing restrictions accomplished	<u>325,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>1,543,245</u>

7. LIQUIDITY AND AVAILABILITY

The Association is supported primarily by member dues and other program revenues. The Association has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, as further discussed in Note 5, the Association has a fund established by the governing Board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. As of December 31, 2023, this reserve is \$4,560,026.

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,454,408
Investments	4,494,911
Accounts receivable	924,384
Grants and contributions receivable	<u>623,333</u>
Subtotal financial assets available within one year	7,497,036
Less: Donor purpose restricted funds	(2,309,562)
Less: Board designated funds	<u>(4,560,026)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>627,448</u>

8. LEASE COMMITMENTS

The Association follows FASB ASC 842 for leases. The Association has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Association has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

In June 2020, the Association leased office space in Washington, D.C. under an operating lease agreement, which expired July 31, 2023. The base rent was \$11,330, plus a proportionate share of expenses, increasing by a factor of 2.5% per year.

NATIONAL WIC ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

8. LEASE COMMITMENTS (Continued)

Operating Leases (continued):

In April 2023, the Association entered into a lease agreement for office space in Washington, D.C. that began in July 2023 and expires in August 2031. The lease contains a monthly base rent of \$17,105, subject to annual escalations of 2.5%, which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The lease includes 14 months of abated rent and a tenant allowance of \$79,020. These amounts were determined by calculating the present value of all future rent amounts due under the amended terms of the lease using a risk-free rate of 3.9% as the discount rate. The initial operating lease right-of-use asset and operating lease liability were \$1,304,636. The Association's operating lease right-of-use asset was \$1,235,806 and operating lease liability was \$1,261,360 as of December 31, 2023.

For the year ended December 31, 2023, total lease costs were \$204,540 and total cash paid was \$141,625 for all operating leases.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2023:

Year Ending December 31,

2024	\$ 172,755
2025	177,070
2026	181,491
2027	186,027
2028	190,671
Thereafter	<u>558,437</u>
	1,466,451
Less: Imputed interest	<u>(205,091)</u>
	1,261,360
Less: Current portion	<u>(126,363)</u>
LONG-TERM PORTION	<u>\$ 1,134,997</u>

Financing Leases:

The Association entered into a finance lease obligation for a copier, which expires in 2024. As of December 31, 2023, the cost and related accumulated amortization of the leased asset were \$14,575. Amortization of assets held under capital leases is included with depreciation expense.

Future minimum lease payments at December 31, 2023 are as follows:

Year Ending December 31, 2024	\$ 14,894
Less: Imputed interest	<u>(319)</u>
CURRENT PORTION	<u>\$ 14,575</u>

For the year ended December 31, 2023, total interest expense at a rate of 4.75% was \$1,126 for the financing lease.

NATIONAL WIC ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
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9. RETIREMENT PLAN

The Association sponsors a 403(b) defined contribution retirement savings plan for its employees and will make an employer matching contribution as defined by the terms of the Plan's Adoption Agreement. For the year ended December 31, 2023, the Association contributed \$39,491 to the Plan.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 18, 2025, the date the financial statements were issued.

On September 16, 2024, the Association received a four-year grant from the USDA Food and Nutrition Service (FNS) for the FY24 MIS Modernization Strategy Project totaling \$14,976,798.