

ALLIANCE FOR WOMEN AND CHILDREN

FINANCIAL STATEMENTS

AND

**INDEPENDENT AUDITOR'S
REPORT**

DECEMBER 31, 2020 AND 2019



Roberts & McGee CPA



ALLIANCE FOR WOMEN AND CHILDREN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alliance for Women and Children
Abilene, Texas

We have audited the accompanying financial statements of Alliance for Women and Children (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Women and Children as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Roberts + McGee, CPA
ROBERTS & MCGEE, CPA

Abilene, Texas
April 23, 2021



Alliance for Women and Children
Statements of Financial Position
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 175,735	\$ 208,144
Accounts receivable, net	12,256	43,973
Prepaid expenses	34,223	33,501
Investments	1,989,907	1,790,564
Beneficial interest in assets held by others	167,731	150,403
Property and equipment, net of accumulated depreciation	<u>154,360</u>	<u>170,827</u>
TOTAL ASSETS	\$ <u>2,534,212</u>	\$ <u>2,397,412</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 13,886	\$ 3,830
Accrued expenses and other liabilities	19,660	11,888
Deferred revenue	60,431	22,037
Deposits payable	<u>450</u>	<u>450</u>
TOTAL LIABILITIES	<u>94,427</u>	<u>38,205</u>
NET ASSETS		
Without donor restrictions	2,257,806	2,194,556
With donor restrictions	<u>181,979</u>	<u>164,651</u>
TOTAL NET ASSETS	<u>2,439,785</u>	<u>2,359,207</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,534,212</u>	\$ <u>2,397,412</u>

The accompanying notes are an integral part of the financial statements

Alliance for Women and Children
Statements of Activities
For the Years Ended December 31 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public support:			
Contributions	\$ 31,056	\$	\$ 31,056
Financial aid and scholarships	151,521		151,521
Memorials	4,385		4,385
United Way	116,894		116,894
Grants	80,710		80,710
Total public support	<u>384,566</u>		<u>384,566</u>
Special events			
Gross receipts	5,800		5,800
Total special events	<u>5,800</u>		<u>5,800</u>
Revenue:			
Registration fees	10,619		10,619
Membership dues	10,255		10,255
Program fees	371,276		371,276
Investment earnings, net	29,684		29,684
Realized gains (losses) on investments	(33,707)		(33,707)
Unrealized gains (losses) in fair value of investments	203,372		203,372
Change in fair value of beneficial interest in assets held by others		17,328	17,328
Building rentals	9,950		9,950
PPP loan forgiveness	109,093		109,093
Miscellaneous income	775		775
Amounts released from restrictions			
Total other revenue	<u>711,317</u>	<u>17,328</u>	<u>728,645</u>
Total Support, Special Events and Other Revenue	<u>1,101,683</u>	<u>17,328</u>	<u>1,119,011</u>
Program expenses			
After school care	894,280		894,280
Support services			
Management and general	51,136		51,136
Fund-raising	93,017		93,017
Total Expenses	<u>1,038,433</u>		<u>1,038,433</u>
CHANGE IN NET ASSETS	63,250	17,328	80,578
NET ASSETS, BEGINNING OF YEAR	<u>2,194,556</u>	<u>164,651</u>	<u>2,359,207</u>
NET ASSETS, END OF YEAR	<u>\$ 2,257,806</u>	<u>\$ 181,979</u>	<u>\$ 2,439,785</u>

The accompanying notes are an integral part of the financial statements

2019

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 1,609,266	\$ 575	\$ 1,609,841
301,084		301,084
2,648	140	2,788
	24,000	24,000
13,255	23,000	36,255
<u>1,926,253</u>	<u>47,715</u>	<u>1,973,968</u>
153,039		153,039
<u>153,039</u>		<u>153,039</u>
14,795		14,795
7,920		7,920
678,550		678,550
28,953		28,953
8,171		8,171
52,381		52,381
	16,015	16,015
18,270		18,270
7,133		7,133
47,715	(47,715)	
<u>863,888</u>	<u>(31,700)</u>	<u>832,188</u>
<u>2,943,180</u>	<u>16,015</u>	<u>2,959,195</u>
978,847		978,847
52,948		52,948
188,923		188,923
<u>1,220,718</u>		<u>1,220,718</u>
1,722,462	16,015	1,738,477
472,094	148,636	620,730
<u>\$ 2,194,556</u>	<u>\$ 164,651</u>	<u>\$ 2,359,207</u>



Alliance for Women and Children
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services		Support Services		Total Expenses
	After School Care	Management and General	Fundraising and Development		
Salaries and wages	\$ 521,045	\$ 15,400	\$ 18,177	\$ 554,622	
Employee benefits and payroll taxes	56,090	10,392	11,732	78,214	
Professional fees	10,133	10,028	1,208	21,369	
Bank charges and fees	4,510	89	149	4,748	
Food, beverage and meals	4,911	1,000	2,195	8,106	
Program supplies and service	36,810			36,810	
Other supplies and services		66	31,991	32,057	
Subscriptions	5,138	1,170	1,606	7,914	
Licensing and inspection	5,638			5,638	
Scholarships	151,521			151,521	
Postage	3,000	159	2,199	5,358	
Web page and newsletter	555	15	15	585	
Advertising	1,259	44	8,058	9,361	
Printing	3,512	79	3,197	6,788	
Housekeeping supplies	1,964	254	367	2,585	
Office supplies	7,379	2,420	781	10,580	
Office equipment computers	831	879	341	2,051	
Office equipment lease	4,739	601	672	6,012	
Telephone	5,227	241	1,332	6,800	
Utilities	13,132	1,550	1,859	16,541	
Building maintenance	6,006	868	868	7,742	
Rent Expense		40		40	
Travel and transportation	5,667	118		5,785	
Conferences and conventions	825			825	
Uniforms	2,117			2,117	
Insurance	29,691	3,408	4,623	37,722	
Miscellaneous		75		75	
Depreciation	12,580	2,240	1,647	16,467	
Total expenses	\$ 894,280	\$ 51,136	\$ 93,017	\$ 1,038,433	

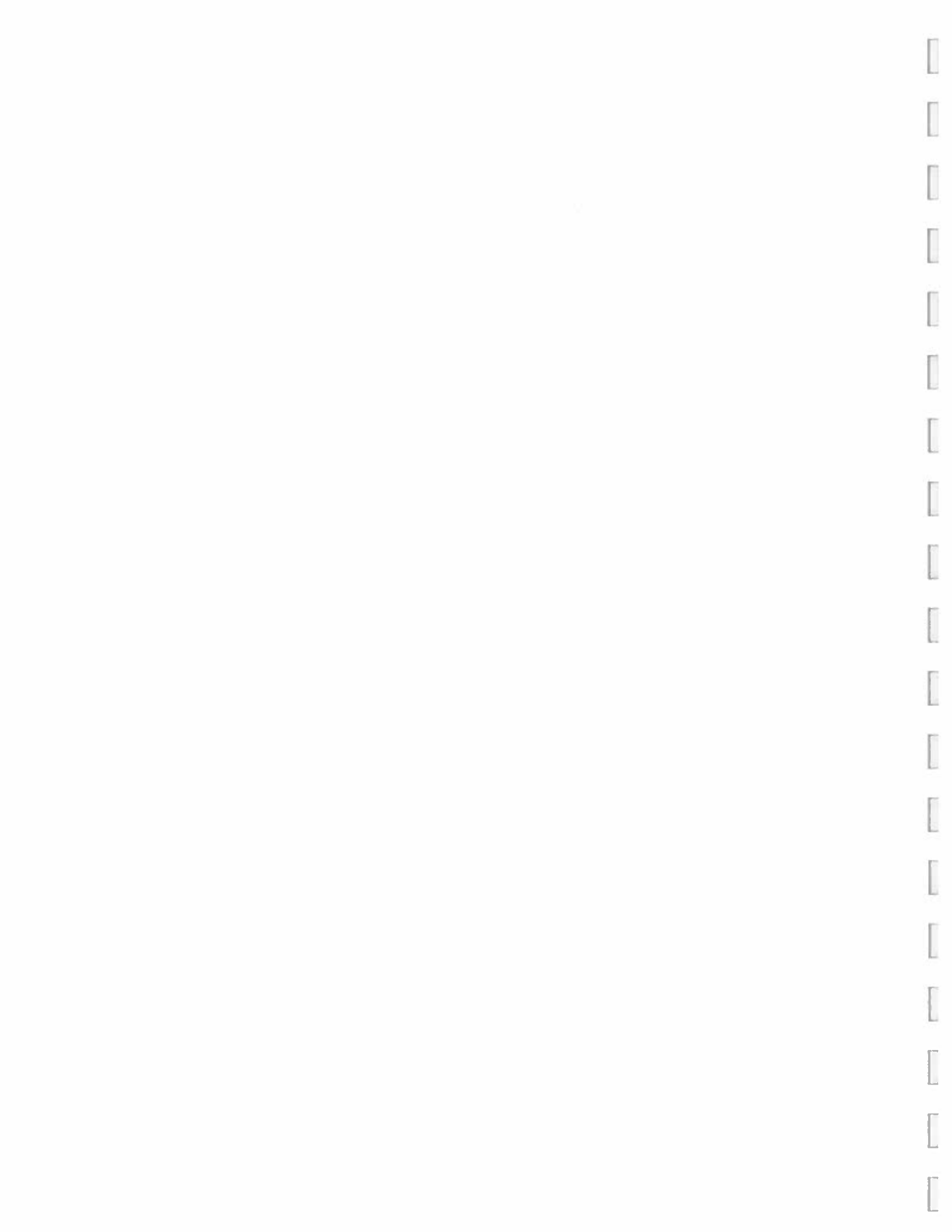
The accompanying notes are an integral part of the financial statements



Alliance for Women and Children
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services		Support Services		Total Expenses
	After School Care	Management and General	Fundraising and Development		
Salaries and wages	\$ 453,068	\$ 20,663	\$ 44,622	\$ 518,353	
Employee benefits and payroll taxes	43,117	7,703	7,856	58,676	
Professional fees	19,609	10,360	12,240	42,209	
Bank charges and fees	8,713	49	3,826	12,588	
Food, beverage and meals	5,255	681	27,413	33,349	
Program supplies and service	31,092			31,092	
Other supplies and services		321	58,391	58,712	
Subscriptions	2,911	507	1,694	5,112	
Licensing and inspection	5,959			5,959	
Scholarships	301,084			301,084	
Postage	1,176		1,530	2,706	
Web page and newsletter	2,162	59	59	2,280	
Advertising	3,759	3	550	4,312	
Printing	1,050	20	9,278	10,348	
Housekeeping supplies	1,413	184	344	1,941	
Office supplies	8,783	2,755	1,639	13,177	
Office equipment computers	2,056		1,554	3,610	
Office equipment lease	4,880	610	610	6,100	
Telephone	4,139	444	1,289	5,872	
Utilities	14,312	1,789	1,789	17,890	
Building maintenance	9,874	1,234	1,234	12,342	
Rent Expense		40	6,870	6,910	
Travel and transportation	5,470	59	265	5,794	
Conferences and conventions	3,459		355	3,814	
Uniforms	2,742	127		2,869	
Insurance	28,543	3,568	3,568	35,679	
Miscellaneous	41		175	216	
Depreciation	14,180	1,772	1,772	17,724	
Total expenses	\$ 978,847	\$ 52,948	\$ 188,923	\$ 1,220,718	

The accompanying notes are an integral part of the financial statements



Alliance for Women and Children
Statements of Cash Flows
December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 80,578	\$ 1,738,477
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,467	17,724
Contributions designated for endowment		(1,500,000)
Net unrealized (gain) loss on investments	(220,700)	(68,396)
Changes in operating assets and liabilities		
Accounts receivable	31,717	(22,351)
Prepaid	(722)	(11,648)
Accounts payable	10,056	(3,843)
Accrued expenses	7,772	(7,161)
Deferred revenue	38,394	13,774
Deposit payable		
Net cash provided (used) by operating activities	(36,438)	156,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets		(20,593)
Purchase of investments	(593,885)	(1,747,112)
Proceeds from sale of investments	597,914	116,090
Net cash provided (used) by investing activities	4,029	(1,651,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions designated for endowment		1,500,000
Net cash provided (used) by financing activities		1,500,000
NET INCREASE (DECREASE) IN CASH	(32,409)	4,961
CASH - BEGINNING OF YEAR	208,144	203,183
CASH - END OF YEAR	\$ 175,735	\$ 208,144
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	-	-

The accompanying notes are an integral part of the financial statements



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Organization

The Organization is a not-for-profit organization empowering women and their families through programs designed for well-being, self-sufficiency and future success. The Alliance After-School Care program serves an average of 900 children from pre-kindergarten to fifth grade. It is the largest, state licensed after-school care program in Abilene and surrounding communities. The program is designed to provide care and enrichment to children during critical after-school hours. Due to the COVID-19 pandemic, the public school system was closed during March, April, and May of 2020. During this time, the Organization transitioned from an after-school program to a full-day camp program under the United Way of Abilene's childcare program.

Basis of Accounting

The financial statements of Alliance for Women and Children are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this basis of accounting, revenue is recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The focus of these financial statements is to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of equity and transactions into two classes of net assets:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions- Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition

The Organization recognizes revenue from providing after-school care on school campuses. Revenue is measured based on consideration specified in a contract with a customer. The Organization recognizes revenue when it satisfies a performance obligation by completing a service to a customer. Revenue is disaggregated by timing of satisfaction of performance obligations. Revenue from performance obligations satisfied at a point in time consists of Registration Fees and Program Fees. These services are provided to customers at a specific point in time. Program Fees are recognized when the service is completed each month. There is no revenue satisfied over time; therefore, there are no contract assets or contract liabilities under ASC 2014-09 (Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*).



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Performance Obligations

For performance obligations related to program fees, control transfers to the customer at a point in time. The Organization's principal terms are services provided each month, and the Organization transfers control and records revenue for the service each month as the service is provided. The Organization does not have any significant financing components as payment is received at the time of service performance.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity.

Income and net gains on investments of endowments and similar funds are reported as increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of the endowment fund. Investment gains on investments that are available for current use by the Organization are reported as increases in net assets without donor restrictions.

With respect to net assets with donor restrictions, the Organization has adopted the following accounting policies: Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset with donor restriction class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. The Organization will use net assets with donor restrictions first for contributions received for which both net assets with and without donor restrictions are available.

Contributions of land, building, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, building and equipment with such donor stipulations are reported as revenues of net assets with donor restrictions. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

Use of Estimates

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all investments with an initial maturity of three months or less to be cash equivalents.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Investment Valuation

Investments are recorded at fair value. The estimated fair value of debt and equity securities is based on quoted market prices.

Property and Equipment

Property and equipment additions are recorded at cost on the date of acquisition. Gifts of property are recorded using the fair market value on the donation date. When disposition is made of property and equipment, the cost and accumulated depreciation are removed from the accounting records. Depreciation of property and equipment is provided using the straight-line method for all depreciable assets over their estimated useful lives as follows:

Buildings and Improvements	15 to 40 years
Furniture and Equipment	5 to 10 years
Vehicles	5 years

Deferred Revenue

Deferred revenue consists of funds such as prepaid after school care fees collected in advance for the subsequent fiscal year's services and for sponsorships for fund-raising events that will occur in the subsequent year.

Functional Allocation of Expenses

The expenses of providing various program and support services have been categorized on a functional basis in the statements of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function; therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary and benefits, occupancy, depreciation, and insurance, which are allocated on the basis of time and effort.

Advertising Costs

All advertising costs in the statements of functional expenses are charged to operations when incurred. The Organization has not estimated the value of any future benefits from these expenses. Advertising costs for the years ended December 31, 2020 and 2019 totaled \$9,361 and \$4,312, respectively.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values on the date of receipt. No amounts have been reflected in the statements for donated materials or services. Scholarships and financial aid provided to the children in the After-School Care program are recorded. Many volunteers contributed numerous hours of fundraising services to the Organization; however, these hours do not meet the requirements to be recorded as revenue and expense under authoritative guidance.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Tax Status

The Organization is a tax-exempt institution under section 501(c)(3) of the Internal Revenue Code and is not a "private foundation" under the Tax Reform Act of 1969; accordingly, no provision for taxes has been made in the financial statements. The Organization is liable for any federal income taxes resulting from certain unrelated business income. For fiscal years 2020 and 2019, there were no liabilities for any federal income tax resulting from unrelated business income.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$417,795 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, which consists of:

Cash and cash equivalents	\$	175,735
Accounts receivable (net)		12,256
Investments		1,989,907
Beneficial interest in assets held by others		<u>167,731</u>
Total financial assets		<u>2,345,629</u>
Less those unavailable for general expenditures within on year, due to:		
Designated or donor imposed restrictions:		
Restricted by the donor		(167,731)
Designated by the board		<u>(1,760,103)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>417,795</u>

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable for the years ended December 31, 2020 and 2019 were comprised of the following:

		<u>2020</u>		<u>2019</u>
After School Care, net of allowance	\$	2,854	\$	27,757
Child Care Associates		9,402		14,156
Other receivables		<u> </u>		<u>2,060</u>
Total Receivables	\$	<u>12,256</u>	\$	<u>43,973</u>



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 4: INVESTMENTS

Investments consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 270,121	\$ 262,010
Fixed income funds	640,940	591,653
Equity funds	<u>1,078,846</u>	<u>936,901</u>
Total unrestricted investments	<u>1,989,907</u>	<u>1,790,564</u>
Endowment - Community Foundation of Abilene (CFA)	<u>167,731</u>	<u>150,403</u>
Total beneficial interest in assets held by CFA	<u>167,731</u>	<u>150,403</u>
 Total investments	 <u>\$ 2,157,638</u>	 <u>\$ 1,940,967</u>

	<u>2020</u>	<u>2019</u>
Investments income, net	\$ 29,684	\$ 28,953
Realized gain (loss) in investments	(33,707)	8,171
Unrealized gain (loss) on investments	<u>220,700</u>	<u>68,396</u>
Total investment income	<u>\$ 216,677</u>	<u>\$ 105,520</u>

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 20,953	\$ 20,953
Buildings and improvements	573,083	573,083
Equipment, furnitures and fixtures	197,717	197,717
Vehicles	<u>25,965</u>	<u>25,965</u>
	817,718	817,718
Less accumulated depreciation	<u>(663,358)</u>	<u>(646,891)</u>
Net property and equipment	<u>\$ 154,360</u>	<u>\$ 170,827</u>

NOTE 6: FUNDS HELD BY OTHERS

Alliance for Women and Children is the beneficiary of certain endowments held at the Community Foundation of Abilene (Foundation). These endowment funds are the Harold and Pat Crawford Endowment Fund and the Ruby Shelton Endowment Fund. The assets are held in perpetuity and are invested and managed by outside trustees in accordance with the trust instruments established by the respective donors. In accordance with authoritative guidance, these two endowments held at the Foundation are not recorded in the financial statements because the donors granted variance power to the Foundation. Distributions from the funds are paid to the Organization based upon an established payout rate determined by the Trustees of the Foundation. When received by the Organization, the income is unrestricted.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 6: FUNDS HELD BY OTHERS - *continued*

The Organization has also transferred funds to the Foundation to establish the Elizabeth Baugh Contingency Fund. These funds are held by the Foundation and are recorded in the Organization's statements of financial position as a beneficial interest in assets held by the Foundation. The fair market value of the Fund at December 31, 2020 and 2019 was \$167,731 and \$150,403, respectively.

Generally, distributions from the fund are made in accordance with a payout rate established by the Trustees of the Foundation from time to time. Recommendations for distributions may be made from time to time to the Foundation by the Alliance for Women and Children Advisory Committee (Committee) which shall usually consist of not more than 3 persons appointed from time to time by the Organization. Recommendations of the Committee shall be solely advisory and not binding on the Foundation. Distributions in excess of the amount authorized may be made to the Organization in any year as determined by the Trustees of the Foundation.

The Foundation agrees that if the Trustees propose to exercise the variance power under Article IX of the Foundation's Articles of Incorporation, the exercise of such power shall not be effective earlier than at least thirty days after the Foundation notifies the Organization in writing of (1) its intent to exercise such power and (2) the manner in which the Foundation proposes to vary the purposes, uses or methods of administration of the fund. During the notice period, the Organization may advise the Foundation of its views regarding the proposed exercise of the power and take such other actions as it deems appropriate. If the Foundation becomes aware of any other action instituted or proposed by any person to vary the purposes, uses or method of administration of the fund, it will promptly notify the Organization.

If the Foundation ceases to be a qualified charitable organization or if the Foundation proposes to dissolve, the assets of the fund shall, after payment or making provision for payment of any liabilities, properly chargeable to the fund, be distributed to the Organization. If the Organization is not then a qualified charitable organization, said assets shall be distributed in such manner and to such organizations in the Abilene community as satisfies the requirements of a qualified charitable organization and serves purposes similar to those of the Organization.

If the Organization ceases to exist or permanently ceases to perform its charitable functions or purpose, or should the Board of Trustees of the Foundation ever determine that the purpose for which any gift to or for the benefit of the Organization is no longer possible or practical of accomplishment, then the Foundation may distribute all or any part of the fund to any qualified charitable organization, as defined in Section 501(c) (3) of the Code, as amended, including distribution to the Foundation itself. In making any such distribution, the Foundation shall consider (1) the purpose and functions of the Organization, (2) the purposes of the gifts or other contributions made to the fund for the Organization's benefit, (3) the individuals, groups, and causes which the Organization sought to benefit, and (4), if available, the recommendations of the governing body of the Organization itself.

NOTE 7: *EMPLOYEE BENEFITS*

In 2008, the Organization established a 401(k) retirement plan. Employees are eligible to participate in this plan if they have been employed with the Organization for at least one year and have worked at least 1,000 hours. Employer contributions made to the employee retirement plan for the years ended December 31, 2020 and 2019 were \$9,310 and \$4,501, respectively.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 8: FINANCIAL AID AND SCHOLARSHIPS

The Organization has provided free child care for qualifying individuals through financial aid and scholarships. Financial aid and scholarships for child care and after school programs for the years ended December 31, 2020 and 2019 were \$151,521 and \$301,084, respectively.

NOTE 9: DESIGNATIONS OF NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors has designated a portion of the net assets without donor restrictions for the years ending December 31, 2020 and 2019:

		<u>2020</u>		<u>2019</u>
Building Maintenance	\$	202,843	\$	202,843
Office Equipment		5,290		5,290
Investments for Endowment		<u>1,760,103</u>		<u>1,561,821</u>
Total board designated	\$	<u>1,968,236</u>	\$	<u>1,769,954</u>

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

		<u>2020</u>		<u>2019</u>
Dodge Jones Foundation -				
Strategic Planning	\$	8,248	\$	8,248
Playground grant		6,000		6,000
Beneficial interest in assets held by CFA		<u>167,731</u>		<u>150,403</u>
Total net assets with donor restrictions	\$	<u>181,979</u>	\$	<u>164,651</u>

NOTE 11: FAIR VALUE DISCLOSURES

Authoritative guidance establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Organization's assumptions (unobservable inputs). Determining where an asset falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of the three broad levels as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a higher degree of judgment, as valuations are based on quoted prices in a readily available, active market.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Assets in this category generally include real estate, certain hedge funds, and other equity instruments.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 11: FAIR VALUE DISCLOSURES - continued

Level 3 – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include instruments for which there is little, if any, market activity. These inputs require significant management judgement or estimation. Assets in this category generally include certain hedge funds, private equity funds, privately held stock, and debenture bonds. These financial instruments have inputs that cannot be validated by readily determinable market.

The determination of where an asset or liability falls within the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures periodically and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Organization expects that changes in classifications between different levels will be rare.

The following table summarizes financial assets measured at fair value on a recurring basis as of December 31, 2020 and 2019, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2020			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Cash and cash equivalents	\$ 270,121	\$	\$	\$ 270,121
Fixed income funds	640,940			640,940
Equity funds	1,078,846			1,078,846
Beneficial interest in assets held by CFA measured at net asset value*				167,731
	\$ 1,989,907	\$	\$	\$ 2,157,638
	2019			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Cash and cash equivalents	\$ 262,010	\$	\$	\$ 262,010
Fixed income funds	591,653			591,653
Equity funds	936,901			936,901
Beneficial interest in assets held by CFA measured at net asset value*				150,403
	\$ 1,790,564	\$	\$	\$ 1,940,967

*In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) for practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.



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NOTE 11: FAIR VALUE DISCLOSURES - continued

The beneficial interest in assets held at Community Foundation of Abilene (CFA) has been valued as a practical expedient, at the fair value of the Organization's share of CFA's investment pool as of the measurement dates of December 31, 2020 and 2019. The CFA values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by management of CFA and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

NOTE 12: ENDOWMENT INVESTMENTS

The Organization's Board designated endowment funds are held in a trust account managed by First Financial Trust and Asset Management Company, N. A. (FFT). The endowment investment policy of the Organization includes a spendable distribution from the endowment that allows for a 4% payout of the average market value over a rolling 16 quarters timeframe. The Organization's endowment includes both a donor-restricted endowment fund held by the Community Foundation of Abilene and funds designated by the Board of Directors to function as endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions. Authoritative guidance provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The authoritative guidance also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds only in cases of explicit donor stipulations. The remaining portion of the endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investment
- 6) Other resources of the organization
- 7) The investment policies of the organization



Alliance for Women and Children
Notes to the Financial Statements
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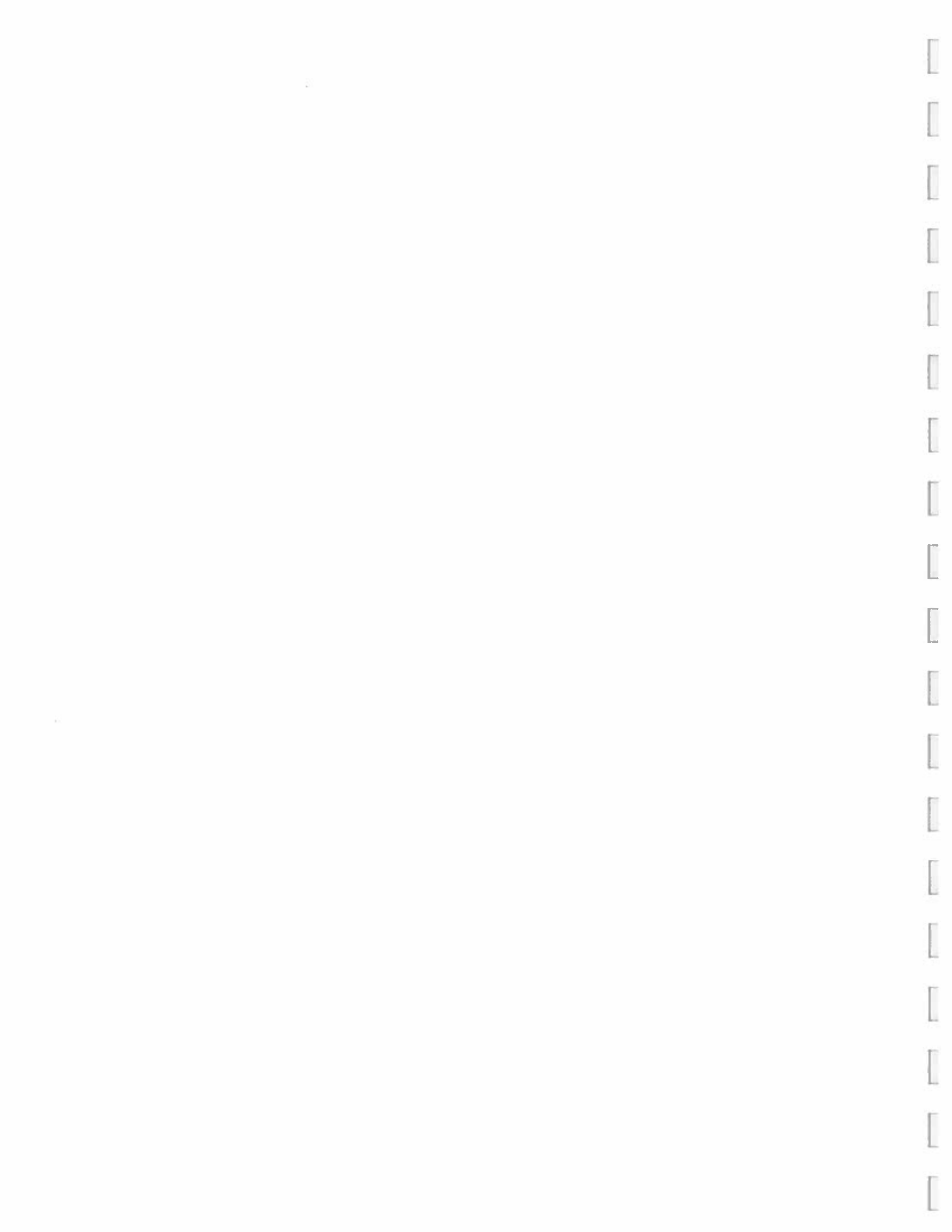
NOTE 12: *ENDOWMENT – continued*

Endowment net assets consist of the following at December 31, 2020 and 2019:

December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Elizabeth Baugh Endowment Fund - CFA	\$	\$ 167,731	\$ 167,731
Alliance for Women & Children Agency Endowment - FFT		<u>1,760,103</u>	<u>1,760,103</u>
	\$	<u>1,760,103</u>	<u>1,927,834</u>
December 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Elizabeth Baugh Endowment Fund - CFA	\$	\$ 150,403	\$ 150,403
Alliance for Women & Children Agency Endowment - FFT		<u>1,561,821</u>	<u>1,561,821</u>
	\$	<u>1,561,821</u>	<u>1,712,224</u>

Changes in endowment net assets for the year ended December 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ 1,561,821	\$ 150,403	\$ 1,712,224
Contributions to the endowment		103	103
Investment return			
Endowment and investment income	38,195	3,431	41,626
Net realized and unrealized gains (losses)	169,665	16,157	185,822
Investment fees	(9,578)	(914)	(10,492)
Withdrawals and distributions	1,449	(1,449)	
Appropriations for expenditure	<u>(1,449)</u>	<u>(1,449)</u>	<u>(1,449)</u>
Endowment net assets, December 31, 2020	\$ <u>1,760,103</u>	\$ <u>167,731</u>	\$ <u>1,927,834</u>



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 12: *ENDOWMENT – continued*

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2018	\$	\$ 134,388	\$ 134,388
Contributions to the endowment	1,500,000		1,500,000
Investment return			
Endowment and investment income	12,449	5,411	17,860
Net realized and unrealized gains (losses)	52,381	17,365	69,746
Investment fees	(3,009)	(1,088)	(4,097)
Withdrawals and distributions	5,673	(5,673)	
Appropriations for expenditure	<u>(5,673)</u>	<u> </u>	<u>(5,673)</u>
Endowment net assets, December 31, 2019	\$ <u>1,561,821</u>	\$ <u>150,403</u>	\$ <u>1,712,224</u>

NOTE 13: *LEASE COMMITMENTS*

The Organization entered into a sixty--month lease during 2017 for the lease of copiers and other office equipment. Rental expense for office equipment for the years ended December 31, 2020 and 2019 was \$6,012 and \$6,100. The lease will expire during year 2022.

Future minimum lease payments under these leases are:

2021	\$ 5,666
2022	<u>2,361</u>
	<u>\$ 8,027</u>

NOTE 14: *CONCENTRATION*

The Organization currently has one active program, which is the after-school care program. After school care is provided in the schools within the Abilene, Clyde, Merkel and Tuscola school districts. It is provided at the schools, which are owned by the individual districts. The State of Texas currently requires that school districts require a request for proposal every three years. The proposal is approved by the school boards. The Organization currently has been approved to provide after school services for all districts; however, if the ability to provide after school care were to be substantially impeded or changed, the financial condition of the Organization could be greatly affected. The Organization is seeking other community programs to support in order to reduce the financial dependency on the after-school care program.



Alliance for Women and Children
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 15: *SUBSEQUENT EVENTS*

The Organization has evaluated all subsequent events through April 23, 2021, the date the financial statements were available to be issued.

NOTE 16: ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the FASB issued Accounting Standards Codification [ASC] 606, *Revenue from Contracts with Customers*. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and the Organization adopted ASC 606 for its year ended December 31, 2019. The majority of the Organization's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Organization's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact on the Organization's financial position, results of operations, or cash flows as a result of the adoption of ASC 606. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.



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April 23, 2021

Finance Committee
Alliance for Women and Children
1350 North 10th Street
Abilene, Texas 79601

We have audited the financial statements of Alliance for Women and Children for the year ended December 31, 2020 and have issued our report thereon dated April 23, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 18, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by us with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope previously communicated to you in the engagement letter.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Alliance for Women and Children are described in Note 1 to the financial statements. No new accounting policies were adopted by the Organization, and the application of existing policies was not changed during the current year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fair market value of assets held with the Community Foundation of Abilene (CFA). These assets are recorded based on information provided by the Community Foundation of Abilene and appear reasonable based on the market data and asset values from CFA's financial statements.

Management's estimate of the accumulated depreciation and depreciation expense is based on reasonable lives of the assets applied on a straight-line basis. We evaluated the key factors and assumptions used to develop the accumulated depreciation and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has been provided all such misstatements to correct in the accounting records. The misstatements detected as a result of audit procedures and corrected by management were material, individually and in the aggregate, to the financial statements taken as a whole and are attached to this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 23, 2021.

Management Consultations with Other Independent Accountants


In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the finance committee, board of directors, and management of Alliance for Women and Children and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,


Roberts & McGee, CPA

Client: Alliance for Women and Children
Engagement: 2020 Audit
Current Period: December 31, 2020
Workpaper: Adjusting Entries

Account	Description	Debit	Credit	Net Income Effect
1				
Adjust receivable from CCA for CCS payments at year end				
1302	Receivable from CCA	0.00	4,754.04	
6250	ASC Monthly Fees	4,754.04	0.00	
Total		4,754.04	4,754.04	(4,754.04)
2				
Adjust depreciation expense and accumulated depreciation at year end				
9501	Depreciation	3,492.84	0.00	
1950	Accumulated Depreciation	0.00	3,492.84	
Total		3,492.84	3,492.84	(3,492.84)
3				
Adjust Beginning Net Assets				
3254	Net Assets, Bd- Bldg Maint	0.00	1,561,821.00	
3261	Net Assets w/ Donor Restriction	0.00	16,015.00	
3950	Prior year income (loss)	1,723,486.04	0.00	
3250	Net Assets w/out Donor Restrict	0.00	160,640.72	
1930	Building, Furniture, Fixtures	0.00	51,845.20	
7103	Health Insurance	2,060.11	0.00	
1950	Accumulated Depreciation	51,845.20	0.00	
2010	Accounts payable	0.00	1,500.00	
7004	ASC Wages	8,113.07	0.00	
7002	Professional Salary	7,401.76	0.00	
7003	Clerical / Maintenance Wages	2,802.56	0.00	
8700	Travel Reimbursement	68.40	0.00	
8201	Telephone / Telecommunications	195.00	0.00	
7103	Health Insurance	0.00	295.06	
7105	HSA Employer Contribution	84.51	0.00	
7201	FICA Taxes	1,491.11	0.00	
7202	Unemployment Taxes	210.99	0.00	
7002	Professional Salary	814.22	0.00	
7300	Bonus	1,600.00	0.00	
7201	FICA Taxes	193.40	0.00	
7202	Unemployment Taxes	0.00	56.77	
7103	Health Insurance	2,496.02	0.00	
9300	Insurance - Non Employee	2,393.35	0.00	
6250	ASC Monthly Fees	0.00	6,511.64	
1302	Receivable from CCA	0.00	570.35	
4300	Event Income	0.00	6,000.00	
Total		1,805,255.74	1,805,255.74	(17,061.03)

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Adjust prepaid insurance at year end

9300	Insurance - Non Employee	0.00	5,612.47	
1400	Prepaid insurance/expenses	<u>5,612.47</u>	<u>0.00</u>	
Total		<u>5,612.47</u>	<u>5,612.47</u>	<u>5,612.47</u>

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Reclass 2020 sponsorship to deferred revenue at year end

4300	Event Income	33,499.72	0.00	
2210	Deferred Revenue - Events	<u>0.00</u>	<u>33,499.72</u>	
Total		<u>33,499.72</u>	<u>33,499.72</u>	<u>(33,499.72)</u>

GRAND TOTAL

<u>1,852,614.81</u>	<u>1,852,614.81</u>	<u>(53,195.16)</u>
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