

FOSTER ANGELS OF CENTRAL TEXAS
FOUNDATION
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2020

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(A Nonprofit Corporation)

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foster Angels of Central Texas Foundation
Austin, Texas

We have audited the accompanying financial statements of Foster Angels of Central Texas Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 policies 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 Foster Angels of Central Texas Foundation as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
April 14, 2021

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2020

Assets

Current Assets:	
Cash and cash equivalents	\$ 454,118
Contributions receivable	15,000
Prepaid expenses	<u>9,017</u>
Total Current Assets	<u>478,135</u>
Total Assets	<u><u>\$ 478,135</u></u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 16,184
Accrued expense	<u>6,256</u>
Total Current Liabilities	22,440
Note payable	<u>51,450</u>
Total Liabilities	<u>73,890</u>
Net Assets:	
Without donor restrictions	
Undesignated	<u>379,245</u>
Total Net Assets Without Donor Restrictions	379,245
With donor restrictions	
Time restricted	<u>25,000</u>
Total Net Assets With Donor Restrictions	25,000
Total Net Assets	<u>404,245</u>
Total Liabilities and Net Assets	<u><u>\$ 478,135</u></u>

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions and grants	\$ 655,554	\$ 136,500	\$ 792,054
Investment return	(2,925)	-	(2,925)
In-kind contributions	76,643	-	76,643
Net assets released from restriction	<u>151,263</u>	<u>(151,263)</u>	<u>-</u>
 Total Support and Revenue	 <u>880,535</u>	 <u>(14,763)</u>	 <u>865,772</u>
 Expenses			
Program services:			
Foster Angels	<u>685,067</u>	<u>-</u>	<u>685,067</u>
Total program services	685,067	-	685,067
Supporting services:			
Management and general	60,908	-	60,908
Fundraising	<u>82,608</u>	<u>-</u>	<u>82,608</u>
Total supporting services	143,516	-	143,516
 Total Expenses	 <u>828,583</u>	 <u>-</u>	 <u>828,583</u>
 Change in Net Assets	 51,952	 (14,763)	 37,189
 Net Assets, Beginning of Year	 <u>327,293</u>	 <u>39,763</u>	 <u>367,056</u>
 Net Assets, End of Year	 <u>\$ 379,245</u>	 <u>\$ 25,000</u>	 <u>\$ 404,245</u>

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT FUNCTIONAL EXPENSES

Year Ended December 31, 2020

Expense Category	<u>Program Services</u>	<u>Supporting Services</u>		Total
	Foster Angels	Management and General	Fundraising	
Salaries and related expenses	\$ 188,260	\$ 24,881	\$ 51,413	\$ 264,554
Normalcy	112,964	-	-	112,964
Clothing/Personal care	95,077	-	-	95,077
Education	90,138	-	-	90,138
Housing/Shelter	76,838	-	-	76,838
Food	34,972	1,694	-	36,666
Transportation	32,554	-	-	32,554
Contract labor	-	13,131	4,920	18,051
Community awareness	16,039	-	-	16,039
Medical	15,326	-	-	15,326
Caseworker appreciation	12,436	-	-	12,436
Luncheon	-	-	9,895	9,895
Accounting	-	9,500	-	9,500
Miscellaneous	553	207	7,712	8,472
Software	-	-	4,632	4,632
Supplies	363	4,268	-	4,631
Interns	4,246	-	-	4,246
Marketing	-	-	4,036	4,036
Telecommunications	-	3,701	-	3,701
Rent	2,400	600	-	3,000
Insurance	-	2,926	-	2,926
Adoption assistance	2,901	-	-	2,901
Total expenses	\$ 685,067	\$ 60,908	\$ 82,608	\$ 828,583

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

Cash Flows From Operating Activities	
Change in net assets	\$ 37,189
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment return	2,925
Changes in assets and liabilities:	
Contributions receivable	24,763
Prepaid expenses	3,750
Accounts payable	2,687
Accrued expenses	<u>2,424</u>
Net Cash Provided by Operating Activities	<u>73,738</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	133,330
Purchases of investments	<u>(100,000)</u>
Net Cash Provided by Investing Activities	<u>33,330</u>
Cash Flows from Financing Activities	
Proceeds from new debt	<u>51,450</u>
Net Cash Provided by Financing Activities	51,450
Net Change in Cash and Cash equivalents	158,518
Cash and Cash Equivalents, beginning of the year	<u>295,600</u>
Cash and Cash Equivalents, end of the year	<u>\$ 454,118</u>
Supplemental information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. General Information

Foster Angels of Central Texas Foundation (the Foundation) was organized in 2009 as a Texas non-profit corporation to improve the lives of children in foster care in Central Texas. The Foundation provides immediate assistance to foster children in the form of basic needs and life-enhancing experiences in order to expose them to positive influences, activities and experiences that help them to flourish and reach their full potential. The Foundation only has one program, which focuses on the following impact areas:

Education – includes college related expenses, tutoring, GED/SAT testing, books computers, backpacks, school supplies and driver’s education classes.

Food – support for meals and grocery assistance

Housing/shelter – provide beds, mattresses, bedding, cribs, and household items

Clothing/personal care – assist with new clothes, school uniforms, shoes, undergarments, diapers and personal hygiene items

Therapeutic services – provide for counseling and therapy

Transportation – provide car seats, strollers, bus passes, gas cards, and car assistance

Normalcy – provide camps, team sports, music/art/dance lessons and after school activities and clubs

Special occasion – help celebrate adoptions, holidays, birthdays, prom, graduation and other occasions

Thrive – social and financial support to young people preparing to transition out of foster care, and those who have aged out, to help ensure that they have what they need to live successful lives as adults

The Foundation is funded primarily by grants and contributions.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Foundation is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation’s management who are responsible for their integrity and objectivity. These accounting policies conform to US generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly, reflect all significant receivables, payables and other liabilities. Revenues and expenses are recognized in the period earned or incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature and require that the assets be maintained permanently. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When the donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Equivalents

For the purpose of the statement of cash flows, the Foundation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Contributions Receivable

Contributions receivable are recognized at the estimated present value of the future cash flows. At December 31, 2020, there is no allowance for uncollectible contributions receivable recorded in the financial statements as management believes they are fully collectible. Receivables are written off after all reasonable collection attempts have been exhausted. All contributions receivables are due within one year of the statement of financial position date.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost, including the cost of significant improvements or renovations. Donated property and equipment are recorded at fair market value. Costs of routine repairs and maintenance are charged to expense as incurred. Depreciation is calculated using the straight-line method over estimated lives of the related assets. As of December 31, 2020, there was no property or equipment to capitalize.

Revenue and Revenue Recognition

Contributions, including unconditional promises to give and grants, are recorded when received. In accordance with FASB ASC 958-605, *Not-For-Profit Entities Revenue Recognition*, contributions received are recorded as without donor restrictions or with donor restrictions depending of the existence or nature of any donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Foundation's program services, administration and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Federal Income Taxes

The Foundation is exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) but is subject to federal income tax on earnings from any unrelated business activities. Accordingly, no provision for federal income taxes has been reflected in the financial statements.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Foundation has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial position, changes in net assets or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020. The Foundation is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

2. Summary of Significant Accounting Policies, continued

Credit Risk

Financial instruments which potentially subject the Foundation to credit risk consist of cash and cash equivalents and contributions receivable. The Foundation's deposits did not exceed the federal depository insurance limits at December 31, 2020. The Foundation does not believe significant credit risk exists for its contributions receivable.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Change in Not-for-Profit Accounting Standards

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by GAAP that is most important to users of each entity's financial statements. ASU 2018-13 takes effect for not-for-profit entities for fiscal years beginning after December 15, 2019. ASU 2018-13 has been applied prospectively beginning after December 31, 2019, with no significant impact on the financial statement disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual period beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Corporation is currently considering the impact of ASU 2020-07.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. This guidance impacts the presentation of an entity's leasing activities and will require the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. ASU 2016-02 was scheduled to become effective for fiscal years beginning after December 15, 2019, but has been delayed until annual periods beginning after December 15, 2021. The Corporation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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December 31, 2020

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The fair value of the Foundation’s assets and liabilities approximate the carrying amounts of such instruments due to their short maturity.

4. Liquidity and Availability

As of December 31, 2020, the Foundation has \$469,118 of financial assets available to meet cash needs for general expenditures within one year. These assets consist of cash and cash equivalents of \$454,118 and contributions receivable of \$15,000.

The Foundation does not have a formal liquidity policy, but intends to meet cash needs through contributions, grants, and meeting budget expectations.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

5. Contributions Receivable

At December 31, 2020, collections of contributions receivable were expected as follows:

Amount due in :	
Less than one year	<u>\$ 15,000</u>
Total	<u>\$ 15,000</u>

The Foundation anticipates collection of all contributions receivables; therefore, no allowance has been recorded as of December 31, 2020.

6. Note Payable

On April 20, 2020 the Foundation was approved for a Paycheck Protection Program (PPP) promissory note in the amount of \$51,450, with an interest rate of 1% per annum based on a year of 360 days until maturity. The Foundation used the proceeds of the loan only for purposes authorized by the PPP and applied for forgiveness of the loan. The Foundation was released from the loan obligation on March 17, 2021. The balance of the loan at December 31, 2020 was \$51,450.

7. Retirement Plan

In March, 2020, the Foundation began offering a simple IRA qualified retirement plan to its employees. The plan calls for the Foundation to make matching contributions equal to 100% of each participating employees' contribution up to a maximum of 3% of compensation. All employees are eligible to participate in the plan. The contribution expense for the year ended December 31, 2020 was \$3,810.

8. Related-Party Transactions

All of the investments of the Foundation are held by Herndon Plant Oakley, Ltd. The financial advisor, Ted Oakley, is on the Board of Foster Angels of Central Texas Foundation. There were no investment management fees paid during the year ended December 31, 2020.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

9. Net Assets With Donor Restrictions

At December 31, 2020, the Foundation had \$25,000 as net assets with donor restrictions subject to time restricted contributions.

For the year ended December 31, 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows:

Satisfaction of purpose restrictions:	
Beds and bedding	\$ 15,000
COVID-19 relief	20,000
Hays County	12,500
Thrive	80,000
Toys for Teens	<u>4,000</u>
Total released from purpose restrictions	131,500
Expiration of time restrictions	<u>19,763</u>
Total net assets released from donor restrictions	<u>\$ 151,263</u>

10. Donated Professional Services and Materials

The Foundation received donated materials as follows during the year ended December 31, 2020:

Normalcy	\$ 54,661
Education	13,974
Transportation	2,934
Food	1,578
Clothing/Personal care	1,521
Community awareness	1,495
Housing/Shelter	<u>480</u>
Total in-kind contributions	<u>\$ 76,643</u>

11. Leases

The Foundation has a non-cancelable lease to rent office space in Austin, Texas, which ends May 31, 2021. During 2020, rental expense for the office space totaled \$4,250. The Foundation subleased part of its office space beginning in June 2019 to May 2020 and received \$1,250 in rent income. Net rent expense was \$3,000 for the year ending December 31, 2020.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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12. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management has evaluated subsequent events through April 14, 2021, the date the audit report was available for issuance.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact future activities of the Foundation. The continuing disruption is having a broad and negative impact on the US economy and the ability of the Foundation to hold in person events. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact of this and other business disruptions cannot be reasonably estimated at this time.

As described in Note 6, on March 17, 2021, the Foundation was legally released from the Paycheck Protection Program (PPP) loan obligation of \$51,450.

In February, 2021, the Foundation was approved for a second Paycheck Protection Program (PPP) promissory note in the amount of \$46,315, with an interest rate of 1% per annum based on a year of 360 days until maturity. The Foundation may apply for loan forgiveness in whole or part. The Foundation is anticipating receiving full forgiveness for this loan based on current staffing levels. In the event the loan is not forgiven in full, monthly payments begin no later than June 26, 2022, with monthly payments of principal and interest. The final payment is due on February 8, 2026.