

FOSTER ANGELS OF CENTRAL TEXAS
FOUNDATION
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2021

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(A Nonprofit Corporation)

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021, and the related statements of activities, 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 Foster Angels of Central Texas Foundation as of December 31, 2021, and the changes 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 Foster Angels of Central Texas Foundation 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 Foster Angels of Central Texas Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Foster Angels of Central Texas Foundation'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 Foster Angels of Central Texas Foundation'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.

Allman & Associates, Inc.

Austin, Texas
April 13, 2022

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2021

Assets	
Current Assets:	
Cash and cash equivalents	\$ 673,028
Investments	<u>1,012</u>
Total Current Assets	<u>674,040</u>
Total Assets	<u><u>\$ 674,040</u></u>
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable	\$ 19,157
Accrued expense	<u>200</u>
Total Current Liabilities	<u>19,357</u>
Total Liabilities	<u>19,357</u>
Net Assets:	
Without donor restrictions	
Undesignated	<u>639,683</u>
Total Net Assets Without Donor Restrictions	639,683
With donor restrictions	
Purpose restrictions	<u>15,000</u>
Total Net Assets With Donor Restrictions	15,000
Total Net Assets	<u>654,683</u>
Total Liabilities and Net Assets	<u><u>\$ 674,040</u></u>

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	\$ 818,404	\$ 391,740	\$ 1,210,144
PPP loan forgiveness	97,765	-	97,765
In-kind contributions	68,949	-	68,949
Interest income	6	-	6
Net assets released from restriction	401,740	(401,740)	-
 Total Support and Revenue	 <u>1,386,864</u>	 <u>(10,000)</u>	 <u>1,376,864</u>
Expenses			
Program services:			
Foster Angels	949,301	-	949,301
Total program services	<u>949,301</u>	<u>-</u>	<u>949,301</u>
Supporting services:			
Management and general	63,054	-	63,054
Fundraising	114,071	-	114,071
Total supporting services	<u>177,125</u>	<u>-</u>	<u>177,125</u>
 Total Expenses	 <u>1,126,426</u>	 <u>-</u>	 <u>1,126,426</u>
 Change in Net Assets	 260,438	 (10,000)	 250,438
Net Assets, Beginning of Year	<u>379,245</u>	<u>25,000</u>	<u>404,245</u>
Net Assets, End of Year	<u>\$ 639,683</u>	<u>\$ 15,000</u>	<u>\$ 654,683</u>

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

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

Expense Category	<u>Program Services</u>	<u>Supporting Services</u>		Total
	Foster Angels	Management and General	Fundraising	
Salaries and related expenses	\$ 201,522	\$ 27,932	\$ 51,788	\$ 281,242
Young adult pandemic aid	155,703	-	-	155,703
Clothing and personal care	151,885	-	-	151,885
Normalcy	126,013	-	-	126,013
Housing and shelter	105,733	-	-	105,733
Education	87,685	-	-	87,685
Food	48,140	1,502	-	49,642
Transportation	35,253	-	-	35,253
Shining stars	-	-	19,874	19,874
Contract labor	1,140	10,666	3,690	15,496
Caseworker appreciation	13,211	-	-	13,211
Miscellaneous	976	790	10,198	11,964
Community awareness	-	-	11,528	11,528
Therapeutic services	11,399	-	-	11,399
Accounting	-	9,550	-	9,550
Luncheon	-	-	9,017	9,017
Marketing	-	-	7,976	7,976
Supplies	415	4,473	-	4,888
Interns	4,882	-	-	4,882
Telecommunications	-	4,439	-	4,439
Insurance	-	3,102	-	3,102
Rent	2,400	600	-	3,000
Adoption assistance	2,944	-	-	2,944
Total expenses	\$ 949,301	\$ 63,054	\$ 114,071	\$ 1,126,426

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, 2021

Cash Flows From Operating Activities	
Change in net assets	\$ 250,438
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
PPP loan forgiveness	(97,765)
Donated securities	(6,083)
Change in investment	37
Changes in assets and liabilities:	
Contributions receivable	15,000
Prepaid expenses	9,017
Accounts payable	<u>(3,083)</u>
Net Cash Provided by Operating Activities	<u>167,561</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	<u>5,034</u>
Net Cash Provided by Investing Activities	<u>5,034</u>
Cash Flows from Financing Activities	
Proceeds from PPP loan	<u>46,315</u>
Net Cash Provided by Financing Activities	<u>46,315</u>
Net Change in Cash and Cash equivalents	218,910
Cash and Cash Equivalents, beginning of the year	<u>454,118</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 673,028</u></u>
Supplemental information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u><u>\$ -</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, 2021

1. General Information

Foster Angels of Central Texas Foundation (the Foundation) was organized in 2010 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 – Support for educational needs including 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 support for 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.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, regardless of when cash is disbursed. Accordingly, the financial statements reflect all significant receivables, payables, and other assets and liabilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Significant estimates used in preparing these financial statements include those assumed in the functional allocation of expenses.

Financial Statement Presentation

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-imposed 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, where the donor stipulates that resources be maintained in perpetuity. 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.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. Summary of Significant Accounting Policies, continued

Cash and Equivalents

For 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

At times, contributions receivable consist of unconditional promises to give that are due within one year. The Foundation records contributions receivable at the amount management expects to collect from balances outstanding at year end, and an allowance for doubtful accounts is established when necessary for potential uncollectible accounts. There were no outstanding contributions receivable at December 31, 2021.

Revenue and Revenue Recognition

All contributions, including unconditional promises to give, are recorded at fair value and are considered to be available for the operations of the Foundation unless specifically restricted by the donor. Contributions are recorded as support with donor restrictions, or without donor restrictions, in the period received depending on the existence and/or nature of any donor restrictions. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Foundation received numerous hours of donated time from volunteers for program services, administration, and fundraising activities. The value of these services has not been recorded in the financial statements as they do not meet the criteria for recognition. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts which are included as expenses.

The Foundation received donated materials as follows during the year ended December 31, 2021:

Normalcy	\$ 35,686
Education	18,894
Clothing/Personal care	10,000
Food	<u>4,369</u>
Total in-kind contributions	<u>\$ 68,949</u>

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

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 in banking institutions. The Foundation's cash balances are insured by federal depository insurance up to \$250,000 per financial institution. The Foundation's cash deposits exceeded the federal depository insurance limits by \$181,517 as of December 31, 2021.

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, 2021. 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.

Functional Allocation of Expenses

The costs of providing the program 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 program 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.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2021

2. Summary of Significant Accounting Policies, continued

Change in Not-for-Profit Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. This guidance increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. 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 Foundation is currently evaluating the impact the adoption of this guidance will have on its financial statements.

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. Early adoption is permitted. The Foundation is currently considering the impact of ASU 2020-07.

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.

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December 31, 2021

3. Fair Value Measurements and Disclosures, continued

- Level 3 Inputs – Unobservable inputs for the asset or liability.

The following table represents assets reported on the statement of financial position at their fair value as of December 31, 2021 by level within the fair value measurement hierarchy:

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stock	\$ 1,012	\$ 1,012	\$ -	\$ -
Total investments	\$ 1,012	\$ 1,012	\$ -	\$ -

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

4. 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, 2021 was \$5,796.

5. Paycheck Protection Program

The Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly expenses of the applicant. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

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5. Paycheck Protection Program, continued

In April 2020, the Foundation received loan proceeds in the amount of \$51,450. The agreement called for interest 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 received forgiveness from the Small Business Administration (SBA) in March 2021.

In February 2021, the Foundation was approved for a second PPP loan 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 used the proceeds of the loan only for purposes authorized by the PPP and applied for forgiveness of the loan. The Foundation received forgiveness on the second PPP loan from the SBA in November 2021.

The proceeds from each PPP loan totaling \$97,765 are recognized as PPP loan forgiveness income in the statement of activities for the year ending December 31, 2021.

6. Scholarship Commitments

The Foundation offers scholarships to youth who meet certain criteria through their Bright Angels Scholar program. The scholarship provides up to \$10,000 over the course of four years in \$2,500 installments. The annual payments are divided into three payouts per year, and the recipient must fulfill certain requirements before each scheduled payment is released. As of December 31, 2021, the Foundation has committed to make payments in each of the following years:

December 31,:	Amount
2022	\$ 17,000
2023	21,000
2024	<u>7,500</u>
Total expected future payments	<u>\$ 45,500</u>

Should a scholarship recipient fail to meet the agreed upon terms at any time, future payments may be withheld at the discretion of the Foundation.

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7. Leases

The Foundation has a non-cancelable lease to rent office space in Austin, Texas, which ends May 31, 2022. The agreement calls for monthly payments of \$250. The lease was amended in April 2022 to extend through May 2023. For the year ending December 31, 2021, rent expense for the office space totaled \$3,000.

8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 673,028
Investments	<u>1,012</u>
Total financial assets at year-end	674,040
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions for specified purpose	<u>(15,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 659,040</u>

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

9. Net Assets With Donor Restrictions

At December 31, 2021, the Foundation had \$15,000 in net assets with donor restrictions subject to purpose restrictions, support that was restricted for use in Hays County.

For the year ended December 31, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows:

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NOTES TO FINANCIAL STATEMENTS

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9. Net Assets With Donor Restrictions, continued

Satisfaction of purpose restrictions:

Thrive	\$ 276,740
COVID-19 relief	50,000
Beds and bedding	15,000
Education	10,000
Basic needs	<u>25,000</u>
Total released from purpose restrictions	376,740
Expiration of time restrictions	<u>25,000</u>
Total net assets released from donor restrictions	<u>\$ 401,740</u>

10. 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, 2021.

11. Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Foundation's future activities. The continuing disruption is having a broad and negative impact on the U.S. economy and as a result, the Foundation's in-person services and events were modified to comply with local restrictions. As the COVID-19 crisis continues past December 31, 2021, the related financial impact of continued business disruptions cannot be reasonably estimated at this time.

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 evaluated subsequent events through the auditor's report date of April 13, 2022, the date the financial statements were available to be issued, and there were no events to be disclosed.