

ALLIANCE FOR CHILDREN EVERYWHERE

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alliance for Children Everywhere
Seattle, Washington

We have audited the accompanying financial statements of Alliance for Children Everywhere (a nonprofit organization), 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.

Auditor's 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 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 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 Alliance for Children Everywhere as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Alliance for Children Everywhere as of December 31, 2019, were audited by other auditors whose report dated November 17, 2020, expressed an unmodified opinion on those statements.

Greenwood Ohlund

Seattle, Washington
July 21, 2021

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 456,727	\$ 482,108
Grants and contributions receivable	550,500	575,000
Donated goods inventory	160,776	-
Prepaid expenses and other	<u>11,186</u>	<u>1,639</u>
Total current assets	1,179,189	1,058,747
Grants and Contributions Receivable, net of current portion	<u>50,000</u>	<u>500,000</u>
Total assets	<u>\$ 1,229,189</u>	<u>\$ 1,558,747</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 6,049	\$ 32,159
Accrued wages and benefits	4,113	10,486
Grants payable	<u>160,776</u>	<u>-</u>
Total current liabilities	170,938	42,645
Net Assets		
Without donor restrictions	458,251	416,102
With donor restrictions	<u>600,000</u>	<u>1,100,000</u>
Total net assets	<u>1,058,251</u>	<u>1,516,102</u>
Total liabilities and net assets	<u>\$ 1,229,189</u>	<u>\$ 1,558,747</u>

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF ACTIVITIES For the Year Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants and contributions	\$ 688,455	\$ 192,500	\$ 880,955	\$ 633,140	\$ 350,000	\$ 983,140
In-kind contributions - program services	299,736	-	299,736	208,188	-	208,188
Net assets released from restrictions	692,500	(692,500)	-	812,605	(812,605)	-
Total public support and revenue	1,680,691	(500,000)	1,180,691	1,653,933	(462,605)	1,191,328
Expenses						
Program	1,229,324	-	1,229,324	993,709	-	993,709
General and administrative	250,534	-	250,534	251,681	-	251,681
Fundraising	158,684	-	158,684	163,913	-	163,913
Total expenses	1,638,542	-	1,638,542	1,409,303	-	1,409,303
Change in net assets	42,149	(500,000)	(457,851)	244,630	(462,605)	(217,975)
Net Assets, beginning of year	416,102	1,100,000	1,516,102	171,472	1,562,605	1,734,077
Net Assets, end of year	<u>\$ 458,251</u>	<u>\$ 600,000</u>	<u>\$ 1,058,251</u>	<u>\$ 416,102</u>	<u>\$ 1,100,000</u>	<u>\$ 1,516,102</u>

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Direct cash grants - Zambia program	\$ 715,326	\$ -	\$ -	\$ 715,326	\$ 637,116	\$ -	\$ -	\$ 637,116
Direct non cash grants - Zambia program	299,736	-	-	299,736	208,188	-	-	208,188
Salaries, payroll taxes, and benefits	148,634	75,610	69,364	293,608	133,750	68,038	62,417	264,205
Contract services	52,600	54,623	7,200	114,423	-	44,950	5,925	50,875
Office and other miscellaneous	11,017	73,967	1,664	86,648	9,655	80,164	1,458	91,277
Marketing	-	3,335	78,379	81,714	-	3,839	90,236	94,075
Bad debts	-	17,500	-	17,500	-	-	-	-
Meals, travel, and entertainment	-	15,750	1,434	17,184	-	35,991	3,277	39,268
Occupancy	-	8,582	-	8,582	-	15,914	-	15,914
Computing and software	2,011	1,092	-	3,103	5,000	2,715	-	7,715
Indirect program support	-	75	643	718	-	70	600	670
	<u>\$ 1,229,324</u>	<u>\$ 250,534</u>	<u>\$ 158,684</u>	<u>\$ 1,638,542</u>	<u>\$ 993,709</u>	<u>\$ 251,681</u>	<u>\$ 163,913</u>	<u>\$ 1,409,303</u>

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (457,851)	\$ (217,975)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debts	17,500	-
Changes in operating assets and liabilities		
Grants and contributions receivable	457,000	37,605
Prepaid expenses and other	(9,547)	854
Accounts payable	(26,110)	24,056
Accrued wages and benefits	(6,373)	5,434
Grants payable, net of changes in donated goods inventory	-	(124,697)
	-	(124,697)
Net cash flows from operating activities and change in cash and cash equivalents	(25,381)	(274,723)
Cash and Cash Equivalents, beginning of the year	482,108	756,831
Cash and Cash Equivalents, end of the year	\$ 456,727	\$ 482,108

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Description of the Organization

Alliance for Children Everywhere (ACE) is a nonprofit Christian organization headquartered in Seattle, Washington. ACE's purpose is to operate crisis nurseries for orphans and abandoned children, provide infant formula to babies at risk of abandonment or starvation, and offer a free Christian education to children who cannot attend school due to family poverty in Zambia, Africa.

ACE accomplishes its purpose through a partnership agreement with Alliance for Children Everywhere - Zambia (ACE-Z), a nonprofit Christian corporation registered in Zambia. ACE-Z provides day-to-day operational services in Zambia with oversight and substantial funding from ACE. The partnership agreement requires two board members of ACE to be on the board of ACE-Z, and two board members of ACE-Z to be on the board of ACE, to allow for oversight. Neither organization has substantial control over the other.

Direct cash grants from ACE to ACE-Z totaled \$715,326 and \$637,116 in 2020 and 2019. In addition, ACE receives gifts of tangible goods such as food and supplies from donors and grants and ships these goods to ACE-Z. The total estimated fair value of goods received by ACE and granted to ACE-Z was \$299,736 and \$208,188 in 2020 and 2019. There were in-kind goods totaling \$160,776 received by ACE and awarded to ACE-Z during 2020 that were not yet delivered to ACE-Z at year-end and, therefore, are recognized as donated goods inventory and grants payable by ACE.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation

ACE reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of ACE and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Include net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have been met or have expired.

Net Assets with Donor Restrictions - Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met.

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NOTES TO FINANCIAL STATEMENTS

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

	2020	2019
Time-restricted	\$ 500,000	\$ 1,000,000
Director of Global Programs	81,500	-
Internships	18,500	-
1 Million Home program	-	100,000
	\$ 600,000	\$ 1,100,000

Revenue is reported as increases in net assets without donor restrictions unless the donor restricts the use of the related assets. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Cash and Cash Equivalents

Cash and cash equivalents are defined as any short-term, highly liquid instruments with original maturities of three months or less. At times, ACE maintains amounts on deposit in banks in excess of the federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Grants and Contributions Receivable

Grants and contributions receivable consist of unconditional awards received, but not yet collected. Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Long-term grants and contributions receivable are recognized at fair value (at the time of donation) and are measured at the present value of the estimated cash flows. In arriving at fair value, the receivable is discounted using an estimated market rate that includes an estimated rate for an allowance for doubtful accounts. At December 31, 2020 and 2019, no discount or allowance was recorded as management determined that the discount and allowance would be immaterial to these financial statements.

At December 31, 2020 or 2019, all grants and contributions receivable were due from four and three donors, respectively.

Grants and contributions receivable consist of the following at December 31:

	2020	2019
Gross receivables due in less than one year	\$ 550,500	\$ 575,000
Gross receivables due in one to five years	50,000	500,000
	\$ 600,500	\$ 1,075,000

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NOTES TO FINANCIAL STATEMENTS

Grants Payable

Grant awards, although not legally binding, are reported as an expense and liability when the unconditional award is made. Grants payable represent payments to be made or donated goods inventory not yet delivered to ACE-Z.

Revenue Recognition

Grants and Contributions - ACE recognizes contributions and grants with or without donor restrictions when the unconditional gift is received or pledged. During the year ended December 31, 2020, one donor represented 14% of total support and revenue. There were no concentrations of grants and contributions during the year ended December 31, 2019.

Conditional Grants - ACE recognizes conditional grants when all conditions have been met (in most cases, when qualified expenditures are incurred).

In-kind Contributions and Donated Goods Inventory

In-kind contributions (which consist solely of donated goods) are recognized in these financial statements at the estimated fair value at the date the unconditional award is made and include food, clothing, computers, school supplies, and other tangible goods. During 2020 and 2019, all donated goods inventory was been granted to ACE-Z. ACE assumes liability of the goods until received by ACE-Z and therefore maintains the inventory as an asset (and related grant payable) until delivery to ACE-Z.

In addition, a number of volunteers have donated time to the ACE's programs and fundraising activities. The services of those volunteers are not recorded in the accompanying financial statements, as the criteria for recognition has not been met.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, payroll taxes, and benefits, and office and other miscellaneous are allocated based on estimates of time and effort.

Federal Income Tax

ACE is a nonprofit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, it is subject to income taxes only on unrelated business income. During the years ended December 31, 2019 and 2018, ACE had no unrelated business income and, accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

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NOTES TO FINANCIAL STATEMENTS

Subsequent Events

Management of ACE has evaluated subsequent events through the date these financial statements were available to be issued, which was July 21, 2021.

Note 2 – Liquidity and Availability of Resources

ACE strives to maintain liquid financial assets sufficient to cover 180 days of general expenditures. Financial assets in excess of daily cash requirements are invested in savings accounts (cash and cash equivalents).

The following table reflects ACE's financial assets as of December 31, 2020 and 2019, available to meet general expenditures within one year of the statement of financial position date

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 456,727	\$ 482,108
Grants and contributions receivable - current portion	<u>550,500</u>	<u>575,000</u>
	<u>1,007,227</u>	<u>1,057,108</u>