

ALLIANCE FOR CHILDREN EVERYWHERE

Financial Statements
December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Alliance for Children Everywhere (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Alliance for Children Everywhere as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits 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 Alliance for Children Everywhere and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Alliance for Children Everywhere'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.

Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



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 Alliance for Children Everywhere'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 Alliance for Children Everywhere'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.

Greenwood Ohlund

Seattle, Washington
May 24, 2022

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 434,389	\$ 456,727
Grants and contributions receivable	50,000	550,500
Donated goods inventory	-	160,776
Prepaid expenses and other	10,851	11,186
Total current assets	495,240	1,179,189
Grants and Contributions Receivable, net of current portion	-	50,000
Total assets	\$ 495,240	\$ 1,229,189
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 26,526	\$ 6,049
Accrued wages and benefits	24,392	4,113
Grants payable	-	160,776
Total current liabilities	50,918	170,938
Net Assets		
Without donor restrictions	394,322	458,251
With donor restrictions	50,000	600,000
Total net assets	444,322	1,058,251
Total liabilities and net assets	\$ 495,240	\$ 1,229,189

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants and contributions	\$ 837,109	\$ -	\$ 837,109	\$ 688,455	\$ 192,500	\$ 880,955
In-kind contributions - program services	234,240	-	234,240	299,736	-	299,736
Net assets released from restrictions	550,000	(550,000)	-	692,500	(692,500)	-
Total public support and revenue	1,621,349	(550,000)	1,071,349	1,680,691	(500,000)	1,180,691
Expenses						
Program	1,169,941	-	1,169,941	1,229,324	-	1,229,324
General and administrative	275,371	-	275,371	250,534	-	250,534
Fundraising	239,966	-	239,966	158,684	-	158,684
Total expenses	1,685,278	-	1,685,278	1,638,542	-	1,638,542
Change in net assets	(63,929)	(550,000)	(613,929)	42,149	(500,000)	(457,851)
Net Assets, beginning of year	458,251	600,000	1,058,251	416,102	1,100,000	1,516,102
Net Assets, end of year	<u>\$ 394,322</u>	<u>\$ 50,000</u>	<u>\$ 444,322</u>	<u>\$ 458,251</u>	<u>\$ 600,000</u>	<u>\$ 1,058,251</u>

See accompanying notes to financial statements.

ALLIANCE FOR CHILDREN EVERYWHERE

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Direct cash grants - Zambia program	\$ 618,130	\$ -	\$ -	\$ 618,130	\$ 715,326	\$ -	\$ -	\$ 715,326
Salaries, payroll taxes, and benefits	258,648	116,186	94,128	468,962	148,634	75,610	69,364	293,608
Direct non-cash grants - Zambia program	234,240	-	-	234,240	299,736	-	-	299,736
Marketing	-	5,622	132,120	137,742	-	3,335	78,379	81,714
Office and other miscellaneous	10,193	68,432	1,539	80,164	11,017	73,967	1,664	86,648
Contract services	39,052	33,077	4,360	76,489	52,600	54,623	7,200	114,423
Meals, travel, and entertainment	-	34,340	3,127	37,467	-	15,750	1,434	17,184
Computing and software	9,678	5,255	-	14,933	2,011	1,092	-	3,103
Occupancy	-	11,812	-	11,812	-	8,582	-	8,582
Indirect program support	-	547	4,692	5,239	-	75	643	718
Bad debts	-	100	-	100	-	17,500	-	17,500
	<u>\$ 1,169,941</u>	<u>\$ 275,371</u>	<u>\$ 239,966</u>	<u>\$ 1,685,278</u>	<u>\$ 1,229,324</u>	<u>\$ 250,534</u>	<u>\$ 158,684</u>	<u>\$ 1,638,542</u>

See accompanying notes to financial statements.

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STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (613,929)	\$ (457,851)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Bad debts	100	17,500
Changes in operating assets and liabilities:		
Grants and contributions receivable	550,400	457,000
Prepaid expenses and other	335	(9,547)
Accounts payable	20,477	(26,110)
Accrued wages and benefits	<u>20,279</u>	<u>(6,373)</u>
Net cash flows from operating activities and change in cash and cash equivalents	(22,338)	(25,381)
Cash and Cash Equivalents, beginning of the year	<u>456,727</u>	<u>482,108</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 434,389</u></u>	<u><u>\$ 456,727</u></u>

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 \$618,130 and \$715,326 in 2021 and 2020. 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 \$234,240 and \$299,736 in 2021 and 2020. 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 December 31, 2020 and, therefore, were 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:

	2021	2020
Time-restricted	\$ 50,000	\$ 500,000
Director of Global Programs	-	81,500
Internships	-	18,500
	\$ 50,000	\$ 600,000

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, 2021 and 2020, no discount or allowance was recorded as management determined that the discount and allowance would be immaterial to these financial statements.

At December 31, 2021 or 2020, all grants and contributions receivable were due from one and four donors, respectively.

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

	2021	2020
Gross receivables due in less than one year	\$ 50,000	\$ 550,500
Gross receivables due in one to five years	-	50,000
	\$ 50,000	\$ 600,500

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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 years ended December 31, 2021 and 2020, one donor represented 10% and 14% of total support and revenue, respectively.

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 2021 and 2020, all donated goods inventory had 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, marketing, contract services, meals, travel, and entertainment, 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).

Subsequent Events

Management of ACE has evaluated subsequent events through the date these financial statements were available to be issued, which was May 24, 2022.

ALLIANCE FOR CHILDREN EVERYWHERE

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, available to meet general expenditures within one year of the statement of financial position date

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$ 434,389	\$ 456,727
Grants and contributions receivable - current portion	<u>50,000</u>	<u>550,500</u>
	<u>\$ 484,389</u>	<u>\$ 1,007,227</u>