

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
ACH Child and Family Services and Affiliates  
Fort Worth, Texas

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of ACH Child and Family Services and Affiliates (ACH) which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of ACH Child and Family Services and Affiliates as of December 31, 2020 and 2019, and the combined changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and the schedule of expenditures of state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards*, we have also issued our report dated September 1, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACH's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards* in considering ACH Child and Family Services and Affiliates internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 1, 2021

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
Cash and Cash Equivalents	\$ 1,636,941	\$ 3,767,985
Restricted Cash	517,433	643,116
Grants and Program Receivable, Net of Allowance for Doubtful Accounts of \$153,390 and \$245,929, Respectively	12,137,327	7,609,370
Other Receivables	58,188	61,533
Prepaid Expenses	686,787	357,188
Promises to Give, Net of Discount \$51,868 and \$84,258, Respectively	1,387,449	2,012,815
Investments - Publicly Traded/Listed Securities	66,581,234	58,679,574
Investments - Nonpublicly Traded	22,079,786	19,127,897
Mineral Interests and Real Estate, Net	15,727,569	17,047,484
Beneficial Interest in Trust	12,498,180	11,211,318
Note Receivable	15,613,540	15,613,540
Property and Equipment, Net	34,485,715	35,840,611
Total Assets	\$ 183,410,149	\$ 171,972,431
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 6,978,516	\$ 8,936,375
Line of Credit	4,601,537	3,175,911
Notes Payable	21,107,333	20,948,704
Loan Under Paycheck Protection Program - See Note 12	3,118,507	-
Total Liabilities	35,805,893	33,060,990
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	41,672,741	40,584,056
Board Designated Endowment	103,680,595	94,813,571
With Donor Restrictions		
Purpose	1,302,053	2,564,947
Endowment	948,867	948,867
Total Net Assets	147,604,256	138,911,441
Total Liabilities and Net Assets	\$ 183,410,149	\$ 171,972,431

See accompanying Notes to Combined Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>			
Contributions	\$ 1,144,059	\$ 1,418,054	\$ 2,562,113
Capital Campaign Contributions	-	1,022,813	1,022,813
Estates and Trusts	125,000	-	125,000
Special Events, Net of Direct Costs of \$10,447	184,831	-	184,831
Total Public Support	<u>1,453,890</u>	<u>2,440,867</u>	<u>3,894,757</u>
<b>REVENUE AND INVESTMENT RETURNS</b>			
Program Service Fees	84,906,827	-	84,906,827
Government Grant Income	639,941	-	639,941
Rental and Other Income	208,379	-	208,379
Interest and Other Income	369,883	-	369,883
Mineral and Real Estate Properties, Net	6,570,201	80,612	6,650,813
Investment Income, Net	159,009	5,061	164,070
Realized and Unrealized Gains on			
Investments, Net	9,855,125	98,814	9,953,939
Realized Loss on Disposition	(26,183)	-	(26,183)
Change in Value of Beneficial Interest in			
Trust Assets	1,759,212	-	1,759,212
Total Revenues and Investment Returns	<u>104,442,394</u>	<u>184,487</u>	<u>104,626,881</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Release of Program Restrictions	2,680,948	(2,680,948)	-
Release of Capital Expenditure Restrictions	1,207,300	(1,207,300)	-
Total Released from Restrictions	<u>3,888,248</u>	<u>(3,888,248)</u>	<u>-</u>
Total Public Support, Revenue and Investment Returns	109,784,532	(1,262,894)	108,521,638
<b>EXPENSES</b>			
Program Services	87,301,140	-	87,301,140
General and Administrative	11,308,905	-	11,308,905
Fundraising	1,218,778	-	1,218,778
Total Expenses	<u>99,828,823</u>	<u>-</u>	<u>99,828,823</u>
<b>CHANGE IN NET ASSETS</b>			
	9,955,709	(1,262,894)	8,692,815
Net Assets - Beginning of Year	<u>135,397,627</u>	<u>3,513,814</u>	<u>138,911,441</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 145,353,336</u>	<u>\$ 2,250,920</u>	<u>\$ 147,604,256</u>

See accompanying Notes to Combined Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT</b>			
Contributions	\$ 963,122	\$ 1,012,435	\$ 1,975,557
Capital Campaign Contributions	-	3,389,478	3,389,478
Estates and Trusts	125,000	-	125,000
Special Events, Net of Direct Costs of \$63,780	203,841	-	203,841
Total Public Support	1,291,963	4,401,913	5,693,876
<b>REVENUE AND INVESTMENT RETURNS</b>			
Program Service Fees	59,781,067	-	59,781,067
Government Grant Income	510,801	-	510,801
Rental and Other Income	447,852	-	447,852
Interest and Other Income	333,338	-	333,338
Mineral and Real Estate Properties, Net	8,042,708	92,847	8,135,555
Investment Income, Net	505,049	5,829	510,878
Realized and Unrealized Gains on Investments, Net	9,858,545	113,813	9,972,358
Realized Loss on Disposition	(34,527)	-	(34,527)
Change in Value of Beneficial Interest in Trust Assets	2,073,025	-	2,073,025
Total Revenues and Investment Returns	81,517,858	212,489	81,730,347
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Release of Program Restrictions	4,142,262	(4,142,262)	-
Release of Capital Expenditure Restrictions	3,601,967	(3,601,967)	-
Total Released from Restrictions	7,744,229	(7,744,229)	-
Total Public Support, Revenue and Investment Returns	90,554,050	(3,129,827)	87,424,223
<b>EXPENSES</b>			
Program Services	63,919,852	-	63,919,852
General and Administrative	8,824,624	-	8,824,624
Fundraising	1,291,489	-	1,291,489
Total Expenses	74,035,965	-	74,035,965
<b>CHANGE IN NET ASSETS</b>	16,518,085	(3,129,827)	13,388,258
Net Assets - Beginning of Year	118,879,542	6,643,641	125,523,183
<b>NET ASSETS - END OF YEAR</b>	\$ 135,397,627	\$ 3,513,814	\$ 138,911,441

See accompanying Notes to Combined Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	Program Services						Supporting Services			Total
	Foster Care/ Adoption/Kinship Connections	Transitions	Youth Emergency Shelter	Youth and Family Services	Wedgewood Residential Care	OCOK Intake, Care Coordination, and Permanency	Total Program Services	General and Administrative	Fundraising	
<b>ACH Child and Family Services</b>										
OCOK Provider Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,871,553	\$ 50,871,553	\$ -	\$ -	\$ 50,871,553
Salaries, Taxes and Benefits	2,015,036	830,122	1,061,325	1,352,210	4,289,887	16,090,964	25,639,544	7,988,225	983,761	34,611,530
Occupancy and Maintenance	110,364	177,787	73,062	133,551	377,483	2,069,723	2,941,970	504,681	42,569	3,489,220
Transportation	38,323	11,137	12,359	5,890	50,107	864,592	982,408	89,177	309	1,071,894
Insurance and Taxes	24,657	31,671	20,302	19,263	75,264	73,094	244,251	184,658	11,541	440,450
Food, Clothing and Supplies	18,258	27,353	60,984	16,346	278,303	1,872,914	2,274,158	114,067	10,769	2,398,994
Medical	2,973	749	12,523	51	7,489	29,374	53,159	17,937	155	71,251
Youth Activities	801	2,515	8,574	-	39,169	3,069	54,128	-	-	54,128
Education	-	-	359	-	25,690	-	26,049	-	-	26,049
Family Assistance	275	9,627	-	32,358	279	26,835	69,374	-	-	69,374
Foster Care Expenses	1,299,272	-	-	-	-	-	1,299,272	-	-	1,299,272
LIFE Project Expenses	-	348,547	-	-	-	-	348,547	-	-	348,547
Other Program Expenses	-	102,401	34,462	-	62,287	-	199,150	-	-	199,150
Development and Promotion	-	-	-	-	-	-	-	5,381	8,562	13,943
Outreach and Awareness	1,055	21,245	4,727	11,808	908	18,764	58,507	413,712	47,286	519,505
Contract Services	46,296	17,617	20,875	49,938	88,475	688,348	911,549	598,758	9,917	1,520,224
Audit and Legal Services	1,571	-	449	-	975	11,997	14,992	102,585	675	118,252
Staff Development and Travel	46,261	9,355	13,260	25,434	58,101	45,227	197,638	83,153	7,844	288,635
Board Development	-	-	-	-	-	-	-	9,094	-	9,094
Miscellaneous Expenses	-	-	-	-	-	32,191	32,191	18,295	-	50,486
Interest Expense	-	-	-	-	-	-	-	46,588	-	46,588
Depreciation and Amortization	88,316	36,383	46,516	59,265	188,019	81,622	500,121	178,299	1,267	679,687
Total Expenses - ACH	3,693,458	1,626,509	1,369,777	1,706,114	5,542,436	72,780,267	86,718,561	10,354,610	1,124,655	98,197,826
<b>ACH Foundation</b>										
Professional Fees	-	-	-	-	-	-	-	2,697	-	2,697
Total Expenses - Foundation	-	-	-	-	-	-	-	2,697	-	2,697
<b>ACH Landowner</b>										
Depreciation and Amortization	85,251	119,918	19,963	58,238	-	-	283,370	333,431	-	616,801
Total Expenses - ACH Landowner	85,251	119,918	19,963	58,238	-	-	283,370	333,431	-	616,801
<b>ACH Landowner II</b>										
Interest Expense	-	-	-	-	-	-	-	98,277	-	98,277
Depreciation	-	-	69,857	37,517	-	-	107,374	175,812	94,123	377,309
Amortization	-	-	-	-	-	-	-	87,345	-	87,345
Bank Fees	-	-	-	-	-	-	-	97,500	-	97,500
Total Expenses - ACH Landowner II	-	-	69,857	37,517	-	-	107,374	458,934	94,123	660,431
<b>ACH Landowner III</b>										
Audit Fees	-	-	-	-	-	-	-	9,000	-	9,000
Depreciation	-	-	-	-	191,835	-	191,835	-	-	191,835
Interest Expense	-	-	-	-	-	-	-	78,949	-	78,949
Amortization	-	-	-	-	-	-	-	71,284	-	71,284
Total Expenses - ACH Landowner III	-	-	-	-	191,835	-	191,835	159,233	-	351,068
Total Expenses - Combined	\$ 3,778,709	\$ 1,746,427	\$ 1,459,597	\$ 1,801,869	\$ 5,734,271	\$ 72,780,267	\$ 87,301,140	\$ 11,308,905	\$ 1,218,778	\$ 99,828,823

See accompanying Notes to Combined Financial Statements.



**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	Program Services						Supporting Services			
	Foster Care/ Adoption/Kinship Connections	Youth Transitions	Youth Emergency Shelter	Youth and Family Services	Wedgewood Residential Care	OCOK Intake and Care Coordination	Total Program Services	General and Administrative	Fundraising	Total
<b>ACH Child and Family Services</b>										
OCOK Provider Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,858,082	\$ 46,858,082	\$ -	\$ -	\$ 46,858,082
Salaries, Taxes and Benefits	1,928,402	819,864	1,106,252	1,342,094	3,174,216	2,113,342	10,484,170	6,051,545	942,164	17,477,879
Occupancy and Maintenance	147,132	155,348	88,332	130,959	278,516	214,098	1,014,385	386,014	43,438	1,443,837
Transportation	60,009	18,047	22,287	14,409	49,027	207,313	371,092	88,240	1,776	461,108
Insurance and Taxes	25,666	21,369	17,909	16,471	60,001	17,871	159,287	91,323	8,212	258,822
Food, Clothing and Supplies	29,613	39,621	63,409	26,181	463,801	224,101	846,726	118,586	20,771	986,083
Medical	3	375	8,998	1	2,961	290	12,628	-	-	12,628
Youth Activities	571	2,697	10,397	226	26,274	-	40,165	-	-	40,165
Education	962	2,923	352	411	6,371	-	11,019	-	82	11,101
Family Assistance	3,529	10,173	2,175	9,078	1,124	-	26,079	-	-	26,079
Foster Care Expenses	1,476,657	-	-	-	-	-	1,476,657	-	-	1,476,657
LIFE Project Expenses	-	421,469	-	-	-	-	421,469	-	-	421,469
Other Program Expenses	64,610	27,915	23,615	27,615	89,620	-	233,375	-	-	233,375
Development and Promotion	-	-	-	-	-	-	-	8,854	19,369	28,223
Outreach and Awareness	1,922	9,984	2,842	6,113	1,460	3,146	25,467	320,988	62,483	408,938
Contract Services	54,119	22,939	34,735	33,741	108,714	407,949	662,197	227,990	29,080	919,267
Audit and Legal Services	132	56	573	311	157	-	1,229	101,849	-	103,078
Staff Development and Travel	66,676	22,049	22,985	38,074	62,629	16,809	229,222	126,182	15,963	371,367
Board Development	-	-	-	-	-	-	-	14,167	-	14,167
Miscellaneous Expenses	1,266	37,845	1,181	541	2,006	125,265	168,104	13,651	-	181,755
Interest Expense	-	-	-	-	-	-	-	154,475	-	154,475
Depreciation and Amortization	12,800	15,513	9,946	9,605	288,942	92,508	429,314	102,749	12,539	544,602
Total Expenses - ACH	3,874,069	1,628,187	1,415,988	1,655,830	4,615,819	50,280,774	63,470,667	7,806,613	1,155,877	72,433,157
<b>ACH Foundation</b>										
Professional Fees	-	-	-	-	-	-	-	24,874	-	24,874
Total Expenses - Foundation	-	-	-	-	-	-	-	24,874	-	24,874
<b>ACH Landowner</b>										
Depreciation and Amortization	88,147	116,745	19,963	-	-	-	224,855	349,865	49,156	623,876
Total Expenses - ACH Landowner	88,147	116,745	19,963	-	-	-	224,855	349,865	49,156	623,876
<b>ACH Landowner II</b>										
Interest Expense	-	-	-	-	-	-	-	109,214	-	109,214
Depreciation	-	-	69,856	37,105	-	21,452	128,413	146,691	86,456	361,560
Amortization	-	-	-	-	-	-	-	87,347	-	87,347
Bank Fees	-	-	-	-	-	-	-	97,500	-	97,500
Total Expenses - ACH Landowner II	-	-	69,856	37,105	-	21,452	128,413	440,752	86,456	655,621
<b>ACH Landowner III</b>										
Professional Fees	-	-	-	-	-	-	-	22,496	-	22,496
Audit Fees	-	-	-	-	-	-	-	18,000	-	18,000
Legal Fees	-	-	-	-	-	-	-	828	-	828
Depreciation	-	-	-	-	95,917	-	95,917	-	-	95,917
Bank Fees	-	-	-	-	-	-	-	28,881	-	28,881
Interest Expense	-	-	-	-	-	-	-	78,852	-	78,852
Amortization	-	-	-	-	-	-	-	53,463	-	53,463
Total Expenses - ACH Landowner III	-	-	-	-	95,917	-	95,917	202,520	-	298,437
Total Expenses - Combined	\$ 3,962,216	\$ 1,744,932	\$ 1,505,807	\$ 1,692,935	\$ 4,615,819	\$ 50,302,226	\$ 63,919,852	\$ 8,824,624	\$ 1,291,489	\$ 74,035,965

See accompanying Notes to Combined Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 8,692,815	\$ 13,388,258
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized and Unrealized Gain on Investments	(9,953,939)	(9,972,358)
Realized Loss on Disposition of Property and Equipment	26,183	34,527
Noncash Change in Value of Beneficial Interest in Trust Assets	(1,286,862)	(1,618,673)
Bad Debt Expense (Recoveries)	(32,390)	162,584
Depreciation Expense	1,865,632	1,625,955
Amortization Expense	158,629	140,810
Depletion Expense	1,319,914	1,485,172
(Increase) Decrease in Operating Assets:		
Grants and Program Receivable	(4,495,567)	143,516
Other Receivables	3,345	(16,448)
Prepaid Expenses	(329,599)	(42,361)
Promises to Give	625,366	(1,110,716)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	(1,957,859)	2,133,239
Contributions Restricted for Long-Term Purposes	(1,022,813)	(3,389,478)
Net Cash Provided (Used) by Operating Activities	(6,387,145)	2,964,027
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(536,921)	(4,359,838)
Proceeds from Sale of Investments	26,141,680	18,732,386
Issuance of Notes Receivable to Community Development Entity	-	(5,841,600)
Purchase of Investments	(27,041,287)	(22,867,425)
Net Cash Used by Investing Activities	(1,436,528)	(14,336,477)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Draws on Line of Credit	1,425,626	1,854,475
Proceeds from Issuance of New Market Tax Credit Notes	-	8,396,496
Payment on New Market Credit Note	-	(556,496)
Debt Issuance Costs Paid	-	(498,986)
Proceeds from Issuance of Paycheck Protection Program Loan	3,118,507	-
Proceeds from Contributions Restricted for:		
Investment in Property and Equipment	1,022,813	3,389,478
Net Cash Provided by Financing Activities	5,566,946	12,584,967
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,256,727)	1,212,517
Cash and Cash Equivalents - Beginning of Year	4,411,101	3,198,584
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,154,374	\$ 4,411,101

See accompanying Notes to Combined Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
 COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**SUPPLEMENTAL CASH FLOW INFORMATION**

Interest Paid	<u>\$ 212,878</u>	<u>\$ 263,689</u>
Property and Equipment Purchased Through Issuance of Debt	<u>\$ -</u>	<u>\$ 3,918,942</u>

**RECONCILIATION TO STATEMENT OF FINANCIAL POSITION**

Cash and Cash Equivalents	\$ 1,636,941	\$ 3,767,985
Restricted Cash	<u>517,433</u>	<u>643,116</u>
Total Cash and Cash Equivalents	<u>\$ 2,154,374</u>	<u>\$ 4,411,101</u>

*See accompanying Notes to Combined Financial Statements.*

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 ORGANIZATION AND OPERATIONS**

ACH Child and Family Services (ACH) was established in 1915 by the Women's Federation of Churches to receive and manage donations of cash and property, and to distribute resources exclusively for the purpose of caring for dependent and neglected children. ACH is a Texas nonprofit corporation dedicated to the prevention, intervention, and treatment of child abuse, neglect, and family separation.

The All Church Home for Children Foundation is a Texas nonprofit corporation, organized to hold, manage, solicit, receive, administer, and invest assets for the exclusive use, benefit, and support of ACH Child and Family Services (ACH) in a manner that is responsive to the needs and demands of ACH.

ACH Landowner is a Texas nonprofit corporation, organized to support its sole member, ACH Child and Family Services (ACH) by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner will hold, develop, and lease certain real property to ACH to be used for administration and programs.

ACH Landowner II is a Texas nonprofit corporation, organized to support its sole member, ACH Child and Family Services (ACH) by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner II will hold, develop, and lease the shelter, modular buildings, cottages, and the Jo and Holt Hickman Center on the Wichita Campus to ACH to be used for administration and programs.

ACH Landowner III is a Texas nonprofit corporation, organized to support its sole member, ACH Child and Family Services (ACH) by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner III will hold, develop, and lease the Residential Treatment Center on the Wichita Campus to be used to help certain residents with special needs.

**COVID-19 Impact**

The impact of the coronavirus pandemic on ACH was immediate and significant, as it was for most organizations. ACH is an essential business that remained open throughout the year and continued to serve children and families in adaptive and creative ways as everyone adjusted to the impact of COVID-19.

In response to the shut down and the subsequent social distancing protocols, ACH quickly implemented ZOOM and Microsoft Teams technology, and leveraged existing resources to accommodate new needs. Counselors were able to continue working with families. Children in residential settings were able to participate in remote schoolwork. And, where possible, employees could work from home.

Planned fundraising events were cancelled, postponed, or modified to be virtual events. Creative online events served to keep supporters in touch with the evolving needs of the agency. The community continued to support ACH with funding for personal protective equipment (PPE), technology, cleaning and safety supplies and general operating support. This allowed ACH to make the necessary shifts in providing services without having to furlough staff or curtail operations.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 ORGANIZATION AND OPERATIONS**

**COVID-19 Impact (Continued)**

The needs of the community increased as the stressors of the pandemic affected everyone, particularly children and families already under stress or healing from trauma. Thankfully, the resilience of ACH staff, in partnership with supporters, volunteers, funders and community partners made it possible to stay focused on the mission to Protect Children and Preserve Families.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of ACH is presented to assist in understanding ACH's combined financial statements. The combined financial statements and notes are representations of ACH'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 (U.S. GAAP) and have been consistently applied in the preparation of the combined financial statements.

**Combined Financial Statements**

The accompanying combined financial statements include the accounts of ACH Child and Family Services, All Church Home for Children Foundation, ACH Landowner, ACH Landowner II, and ACH Landowner III (collectively, ACH), since they are financially interrelated organizations. Significant intercompany transactions and balances have been eliminated in the combination.

**Financial Statement Presentation**

ACH presents the combined financial statements in accordance with U.S. GAAP. As such, ACH is required to report 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. The fund groups are reported in the two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. 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.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as "Net Assets Released from Restrictions."

**Use of Estimates**

The preparation of combined financial statements in conformity with U.S. 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

ACH considers only cash in banks and cash on hand as cash and cash equivalents. These cash equivalents are financial instruments that potentially subject ACH to concentrations of credit risk. ACH places its cash with high credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

**Grants, Program Service Fees, and Accounts Receivable**

ACH's receivables consist principally of program service fees and grants from governmental agencies. ACH utilizes the allowance method for recognition of bad debts. Based on management's assessment of the credit history of grantors, an allowance for doubtful accounts of \$153,390 and \$245,929 was deemed necessary as of December 31, 2020 and 2019, respectively. Bad debt expense (recoveries) was (\$32,390) and \$162,584 for the years ended December 31, 2020 and 2019, respectively.

ACH's program service fee revenue is recognized as follows for each individual stream of revenue:

*State Contracts*

Revenue from contracts with the State for programs provided by ACH such as adoption placements, monitoring the care of children placed, and providing counseling, skills training, as well as case management to children and young adult clients. Depending on the type of service, revenue is recognized by service date or date at which child placement was finalized.

*OCOK Daily Rate and Exceptional Care Rate*

ACH is paid either a blended daily rate or an exceptional care rate by the State on a per child, per day basis. ACH will then pass these funds through to providers for the care of foster children. Revenue is recognized by service date of foster care.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants, Program Service Fees, and Accounts Receivable (Continued)**

*OCOK Network Support*

Services provided include engaging the community to develop needed services and placement options for foster children, engaging with the courts and other stakeholders to improve the care for foster children in region 3B, and maintaining the technology and data capacity to track outcomes and provide compliance reporting. Revenue from these services is earned over the period of time the child is in the program (based on full time equivalent children) and is recognized each month as these performance barriers are met.

*OCOK Resource Transfer*

Services provided include taking responsibility for foster children from region 3B, finding and maintaining placements for the children in this region, providing case management for children in care which includes working with their biological parents and the courts. Revenue is earned based on a monthly administrative fee as well as data measures tracked by ACH. Revenue is recognized each month as these factors are met.

*OCOK Rate Reconciliation Revenue*

Revenue consists of State contracted funds to reconcile the blended daily rate paid for each day of care per child with the actual costs of care. Revenue is recognized by service date similar to Daily Rate and Exceptional Care Rate revenue.

*OCOK Exceptional Care Surplus/Deficit Share Revenue*

Revenue consists of a 50/50 share of the surplus or deficit between the Exceptional Care Rate paid and the cost of exceptional care provider payments. Revenue is recognized by service date similar to Daily Rate and Exceptional Care Rate revenue.

**Contributions Received and Promises to Give**

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Pledges receivable at December 31, 2020 are expected to be received through 2025.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as a refundable advance in the statement of financial position.

As of December 31, 2020 **and 2019**, there were no conditional grants or contributions received for which the conditions had not been met.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Expenditures for property and equipment in excess of \$2,500 and having a useful life of one year or more are capitalized and recorded on ACH's books at cost. Donations of significant property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ACH reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ACH reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of property and equipment is computed on the straight-line basis over their estimated useful lives. The estimated useful lives range from three to thirty years. Depreciation expense for 2020 and 2019 amounted to \$1,865,632 and \$1,625,955, respectively.

**Impairment of Long-Lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

**Income Taxes**

ACH is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts ACH from taxes on income. Accordingly, no provision for income taxes has been made in the combined financial statements. The Internal Revenue Service had previously classified ACH as a private foundation; however, ACH was approved for public charity status beginning in year 2011. The All Church Home for Children Foundation, ACH Landowner, ACH Landowner II, and Landowner III are classified as public charities. Taxes are paid on net income earned from sources unrelated to the exempt purposes.



**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentration of Credit Risk**

Financial instruments which potentially subject ACH to concentrations of credit risk consist primarily of receivables from program services and amounts deposited in banks in excess of the Federal Deposit Insurance Corporation's insured limit.

Approximately 98% and 99% of total program receivables is due from one government agency as of December 31, 2020 and 2019, respectively.

Three donor commitments comprised 82% and one donor commitment comprised 76% of the total balance of promises to give as of December 31, 2020 and 2019, respectively.

ACH currently invests in a variety of fixed income, equities, open and closed-end mutual funds and investment holding companies. Management believes diversity within the portfolio avoids significant concentration of credit risk with respect to these investments.

**Investments and Fair Value**

ACH follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-320. Under this section, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the combined statement of financial position. Investments in nonpublicly traded investment entities are recorded at fair value based on independent audits of these investment entities and their underlying investment securities. Investment income includes interest and dividends, net of investment expenses and is included in the combined statement of activities as increases in net assets without donor restrictions, unless the donor or law restricts the income or loss. Unrealized gains and losses are included in the change in net assets.

FASB ASC No. 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of other observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) and Level 3 inputs have the lowest priority. ACH uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ACH measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 2 inputs are obtained on debt securities held which are not traded on a daily basis, and Level 3 inputs are used in determining the value of the investment partnership/hedge funds and the mineral interests and real estate owned by ACH that are not actively traded and significant other observable inputs are not available. Thus, the fair value of the mineral interests and real estate is equal to the lower of cost or estimated fair value of accumulated cost recovery. Investments in partnerships/hedge funds are carried at the audited net asset value (NAV) of the investment. For certain investments in partnership/hedge funds which qualify as investment companies, ACH has elected to the use of NAV as a practical expedient for measurement of fair market value.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Mineral Interests and Real Estate**

ACH's investments in real estate and mineral interests were acquired primarily by contribution and recorded at the estimated fair market value (cost) at the date of receipt. Market value is calculated by discounting future cash flows from estimated production and expected future market prices for the related minerals. These investments are carried at the lower of amortized cost or market value. Accordingly, the mineral interests have been amortized using an annual basis of 15% of the nonbonus gross income generated by the interests.

**Deferred Financing Costs**

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method, a method which approximates the effective interest rate method. At December 31, 2020 and 2019, deferred financing costs were \$1,110,399. At December 31, 2020 and 2019, accumulated amortization of deferred financing costs was \$437,732 and \$279,103, respectively. Amortization expense related to the deferred financing costs was \$158,629 and \$140,810, respectively, and was recorded to interest expense in the statements of functional expenses.

**Donated Goods and Services**

From time to time, ACH will receive donated goods, property, or other assets. These assets are recorded in the combined statement of financial position at their estimated fair value at the time of the gift. Revenue from such gifts is recognized as contributions in the combined statement of activities for the value of the asset. There were no material gifts of property and equipment received during the years ended December 31, 2020 and 2019.

No amounts have been reflected in the combined financial statements for donated services since the services did not meet the criteria for recognition. However, a number of volunteers donate significant amounts of their time to ACH.

**NOTE 3 NEW ACCOUNTING PRONOUNCEMENTS**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

ACH's consolidated financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 RESTRICTED CASH**

Restricted cash consists of funds held in trust for various purposes, including transactional and management fees, capital improvements, and certain programmatic startup costs. The cash balances held in trust were \$517,433 and \$643,116 as of December 31, 2020 and 2019, respectively. Approximately \$517,000 and \$643,000 of these funds were held by JP Morgan Chase for the years ended December 31, 2020 and 2019, in accordance with certain debt instruments reflected in Notes 11 and 12 to the combined financial statements.

**NOTE 5 PROMISES TO GIVE**

ACH recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the combined statement of activities. Contributions that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discount rate has been imputed at 2.0% which approximates the Organization's risk free borrowing rate at December 31, 2020 and 2019. At December 31, 2020 and 2019, all promises to give are considered fully collectible and no allowance for doubtful accounts has been estimated. Bad debt expense is reflected in the combined statement of functional expenses in miscellaneous expense and is reflected separately in the combined statement of cash flows.

At December 31, 2020, promises to give are expected to be received as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 732,317
2022	207,000
2023	200,000
2024	100,000
2025	100,000
Thereafter	<u>100,000</u>
Total	1,439,317
Less: Present Value Discount	<u>(51,868)</u>
Promises to Give, Net of Present Value Discount	<u><u>\$ 1,387,449</u></u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6 INVESTMENTS**

**Publicly Traded/Listed Securities**

Investments in publicly traded debt and equity securities as well as open and closed-end listed mutual funds are carried at fair market value and are comprised of the following as of:

<u>December 31, 2020</u>	Fair Market Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Investment Description			
Short-Term Investment Funds	\$ 1,460,120	\$ 1,459,336	\$ 784
Fixed Income	14,610,686	13,850,921	759,765
Global Equities	49,445,441	40,061,709	9,383,732
Marketable Hedge Funds	1,064,987	1,028,610	36,377
Total Publicly Traded/Listed Securities	<u>\$ 66,581,234</u>	<u>\$ 56,400,576</u>	<u>\$ 10,180,658</u>

<u>December 31, 2019</u>	Fair Market Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Investment Description			
Short-Term Investment Funds	\$ 3,200,535	\$ 3,198,919	\$ 1,616
Fixed Income	14,695,237	14,567,368	127,869
Global Equities	40,783,802	35,055,713	5,728,089
Total Publicly Traded/Listed Securities	<u>\$ 58,679,574</u>	<u>\$ 52,822,000</u>	<u>\$ 5,857,574</u>

**Fair Value Hierarchy Measurements**

The above investments were classified as follows at December 31:

	2020			Total
	Level 1	Level 2	Level 3	
Short-Term Investment Funds	\$ 1,460,120	\$ -	\$ -	\$ 1,460,120
Fixed Income	14,610,686	-	-	14,610,686
Global Equities	49,445,441	-	-	49,445,441
Marketable Hedge Funds	1,064,987	-	-	1,064,987
Subtotal	<u>66,581,234</u>	<u>-</u>	<u>-</u>	<u>66,581,234</u>
Investments Measured at Net Asset Value	-	-	-	22,079,786
Total	<u>\$ 66,581,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,661,020</u>

  

	2019			Total
	Level 1	Level 2	Level 3	
Short-Term Investment Funds	\$ 3,200,535	\$ -	\$ -	\$ 3,200,535
Fixed Income	14,695,237	-	-	14,695,237
Global Equities	40,783,802	-	-	40,783,802
Subtotal	<u>58,679,574</u>	<u>-</u>	<u>-</u>	<u>58,679,574</u>
Investments Measured at Net Asset Value	-	-	-	19,127,897
Total	<u>\$ 58,679,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,807,471</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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**NOTE 6 INVESTMENTS (CONTINUED)**

**Nonpublicly Traded Securities**

Investments in nonpublicly traded investment holding company entities are carried at fair value which is based on the net asset value calculated as a practical expedient from an independent audit of the entities and their underlying investment securities. Following are these nonpublicly traded investments as of:

December 31, 2020

<u>Hedge Fund Description</u>		<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Appreciation (Depreciation)</u>
Blackstone Tactical Opportunities Fund (d)		\$ 648,580	\$ 1,840,091	\$ (1,191,511)
Blackstone Tactical Opportunities Fund III (k)		1,199,187	1,033,732	165,455
Golden Tree Offshore Fund, Ltd. (b)		3,444,073	1,894,912	1,549,161
Pointer Offshore Ltd. (c)		3,175,089	1,050,000	2,125,089
Oak Street Real Estate (i)		499,775	506,400	(6,625)
Goldman Sachs Vintage VIII (j)		528,015	422,419	105,596
The Weatherlow Offshore Fund (a)		1,510,273	1,109,142	401,131
Third Point Offshore Fund (e)		3,725,557	1,527,630	2,197,927
Canyon Value Realization Fund (g)		2,871,519	2,425,000	446,519
HPC Millennium Int'l Ltd. (f)		2,364,176	1,541,605	822,571
MS Hamilton Lane (h)		2,113,542	1,940,948	172,594
Total Nonpublicly Traded Securities		<u>\$ 22,079,786</u>	<u>\$ 15,291,879</u>	<u>\$ 6,787,907</u>

December 31, 2019

<u>Hedge Fund Description</u>		<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Appreciation (Depreciation)</u>
Blackstone Tactical Opportunities Fund (d)		\$ 774,029	\$ 1,829,577	\$ (1,055,548)
Blackstone Tactical Opportunities Fund III (k)		354,818	319,076	35,742
Golden Tree Offshore Fund, Ltd. (b)		3,127,243	1,900,418	1,226,825
Pointer Offshore Ltd. (c)		2,659,862	1,050,000	1,609,862
Skybridge Multi-Advisor Hedge Fund (a)		1,359,875	1,368,938	(9,063)
The Weatherlow Offshore Fund (a)		1,213,502	1,109,142	104,360
Third Point Offshore Fund (e)		3,091,039	1,527,630	1,563,409
Canyon Value Realization Fund (g)		2,961,187	2,425,000	536,187
HPC Millennium Int'l Ltd. (f)		1,875,400	1,440,755	434,645
MS Hamilton Lane (h)		1,710,942	1,575,015	135,927
Total Nonpublicly Traded Securities		<u>\$ 19,127,897</u>	<u>\$ 14,545,551</u>	<u>\$ 4,582,346</u>

- (a) These funds have no lock-up restrictions, nor any liquidity restrictions greater than 65 days, if any.
- (b) It has a 12-month initial lockup (purchased during 2012) and quarterly liquidity with a 90-day notice.
- (c) It has a 24-month initial lockup (purchased during 2012) and semi-annual liquidity of up to 50% capital with written notice by March 15<sup>th</sup> and September 15<sup>th</sup>.
- (d) Unfunded capital commitments totaled \$268,304 and \$278,819 for 2020 and 2019, respectively. Quarterly liquidity with 90 day notice.
- (e) The lock up restriction has expired and quarterly liquidity with a 65 day notice.
- (f) Quarterly withdrawals with 95 day notice. Withdrawals are limited to 25% of partners' capital.
- (g) Quarterly withdrawals with notice being required to be given by the 20<sup>th</sup> calendar day of the first month of the applicable fiscal quarter. Withdrawals are limited to 25% of partners' capital.
- (h) Subject to certain lock-up and liquidity restrictions greater than 65 days. Unfunded capital commitment is \$1,059,052 and \$1,424,985 for 2020 and 2019, respectively. It has a 12-month initial lockup (purchased during 2017) and quarterly liquidity with 90 day notice.
- (i) Unfunded capital commitments totaled \$1,493,600 and \$-0- for 2020 and 2019, respectively.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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- (j) Unfunded capital commitments totaled \$1,587,581 and \$-0- for 2020 and 2019, respectively.  
(k) Unfunded capital commitments totaled \$957,208 and \$1,681,126 for 2020 and 2019, respectively.  
Quarterly liquidity with 90 day notice.

**NOTE 6 INVESTMENTS (CONTINUED)**

**Mineral Interests and Real Estate**

Investments in mineral interests and real estate are carried at the lower of cost or estimated fair value. The balance reflected on the combined statement of financial position of \$15,727,569 and \$17,047,484 at December 31, 2020 and 2019, respectively, represents amortized cost since historical cost is considered a stronger indicator of fair value due to availability of fair value information. During the years ended December 31, 2020 and 2019, there were no purchases of mineral interests or real estate.

**Investment Returns**

The following schedules summarize the investment returns, on all investments, for the years ended December 31:

	2020	2019
Mineral Income	\$ 9,447,504	\$ 10,415,404
Real Estate Income	-	-
Less: Depletion Amortized	(1,319,914)	(1,485,172)
Less: Mineral Expense	(1,476,585)	(794,025)
Less: Real Estate Expense	(192)	(652)
Net Mineral and Real Estate Income	<u>\$ 6,650,813</u>	<u>\$ 8,135,555</u>
Dividends and Interest	\$ 912,198	\$ 1,135,879
Less: Investment Advisory and Bank Fees	(748,128)	(625,001)
Net Investment Income	<u>\$ 164,070</u>	<u>\$ 510,878</u>
Net Realized Gains on Investment Securities	\$ 3,425,294	\$ 1,738,090
Net Unrealized Gains on Investment Securities	6,528,645	8,234,268
Net Realized and Unrealized Gains on Investments	<u>\$ 9,953,939</u>	<u>\$ 9,972,358</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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**NOTE 7 BENEFICIAL INTEREST IN TRUST**

ACH has a beneficial interest in the trust. ACH's share of the net assets of the Trust is reflected at estimated fair value. The composition of investments underlying ACH's share of the net assets of the Trust as of December 31, 2020 and 2019 is as follows:

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short-Term Investment Funds	\$ 303,585	\$ -	\$ -	\$ 303,585
Equities	9,692,792	-	-	9,692,792
Fixed Income Securities	-	2,501,100	-	2,501,100
Real Estate	-	-	703	703
Totals	<u>\$ 9,996,377</u>	<u>\$ 2,501,100</u>	<u>\$ 703</u>	<u>\$ 12,498,180</u>

  

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Short-Term Investment Funds	\$ 656,743	\$ -	\$ -	\$ 656,743
Equities	8,345,238	-	-	8,345,238
Fixed Income Securities	-	2,208,634	-	2,208,634
Real Estate	-	-	703	703
Totals	<u>\$ 9,001,981</u>	<u>\$ 2,208,634</u>	<u>\$ 703</u>	<u>\$ 11,211,318</u>

ACH's net share of investment in the Trust is considered a level 3 investment as a whole. A reconciliation of the change in the fair values of Level 3 investments is as follows:

	<u>Level 3</u> <u>Fair Values</u>
Beginning Balance, December 31, 2019	\$ 11,211,318
Unrealized Gains and Losses	1,759,212
Sales and Distributions of Capital and Reinvested Earnings	(472,350)
Ending Balance, December 31, 2020	<u>\$ 12,498,180</u>

ACH received cash distributions of \$472,350 and \$454,352 and recognized an unrealized increase in the value of the trust of \$1,759,212 and \$2,073,025 during the years ended December 31, 2020 and 2019, resulting in a net increase in value of beneficial interest in trust assets of \$1,286,862 and \$1,618,673.

**NOTE 8 NOTE RECEIVABLE**

During 2017, ACH closed on a new market tax credit arrangement resulting in a note receivable from Chase NMTC ACH Investment Fund in the amount of \$9,771,940 with interest payable annually at 1%. Interest payments of the note began in December 2017. Principal and interest payments are to commence in December 2025 with final payment due December 2044. As part of the arrangement, the notes may be paid off early at a set time in the arrangement, wherein a significant portion of the debt may be forgiven through the utilization of the new market tax credits. The note is unsecured. This note receivable originated with the issuance of certain debt instruments reflected in Note 11 to the combined financial statements. However, there is not a right of offset with these debt instruments.

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**NOTE 8 NOTE RECEIVABLE (CONTINUED)**

During 2019, ACH closed on a new market tax credit arrangement resulting in a note receivable from Chase NMTC ACH Investment Fund in the amount of \$5,841,600 with interest payable annually at 1%. Interest payments of the note began in December 2019. Principal and interest payments are to commence in December 2027 with final payment due December 2056. As part of the arrangement, the notes may be paid off early at a set time in the arrangement, wherein a significant portion of the debt may be forgiven through the utilization of the new market tax credits. The note is unsecured. This note receivable originated with the issuance of certain debt instruments reflected in Note 11 to the combined financial statements. However, there is not a right of offset with these debt instruments.

**NOTE 9 PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 4,101,000	\$ 4,101,000
Buildings and Improvements	39,286,751	39,178,209
Furniture, Fixtures and Equipment	2,446,364	2,447,634
Automobiles	<u>827,917</u>	<u>761,510</u>
Total Property and Equipment	46,662,032	46,488,353
Less: Accumulated Depreciation	<u>(12,176,317)</u>	<u>(10,647,742)</u>
Net Property and Equipment	<u>\$ 34,485,715</u>	<u>\$ 35,840,611</u>

**NOTE 10 LINE OF CREDIT**

ACH maintains a line of credit with a financial institution which has a maximum amount of \$20,000,000 and an open-ended maturity. Interest is payable monthly at the 1-month LIBOR plus .75% per annum. The average LIBOR rate for 2020 was .97%. The line of credit is currently secured by fourteen of ACH's sub-investment accounts with a fair value at December 31, 2020 of \$59,769,237 (the financial institution calculates a borrowing base of 70% to 100% on this amount based upon the type of underlying investments). There was \$4,601,537 and \$3,175,911 outstanding on the line of credit as of December 31, 2020 and 2019, respectively.



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**NOTE 11 NEW MARKET TAX CREDIT ARRANGEMENTS**

ACH entered into new market tax credit transactions during the year ended December 31, 2017 and created a new entity, Landowner II, as a result. The NMTC program was designed to make investment capital available to businesses in qualifying low-income communities, to create jobs and spur additional economic development. Privately managed investment institutions, or Community Development Entities (CDEs), make loans and capital investments in businesses in underserved areas. Further detail of the transactions is described in Notes 8 and 12.

ACH entered into new market tax credit transactions during the year ended December 31, 2019. A new entity, Landowner III, was created in 2018 in anticipation of this arrangement. The NMTC program was designed to make investment capital available to businesses in qualifying low-income communities, to create jobs and spur additional economic development. Privately managed investment institutions, or Community Development Entities (CDEs), make loans and capital investments in businesses in underserved areas. Further detail of the transactions is described in Notes 8 and 12.

**NOTE 12 NOTES PAYABLE**

ACH and an unrelated third-party lender entered into a new market tax credit transaction, wherein ACH loaned \$9,771,940 and the third-party lender loaned \$4,818,060 to Chase NMTC ACH Investment Fund LLC during the year ended December 31, 2017. Chase NMTC then lent the funds to two different CDEs (CNMC Sub-CDE LLC and Business Loan Conduit No. 27 LLC), who separately loaned funds to ACH's subsidiary, Landowner II in the amount of \$13,940,000. This was accomplished through four different QLICI loans as noted below. The loans have subjected ACH and Landowner II to certain restrictive covenants. Management believes they are in compliance with all covenants.

After the seven year NMTC period expires, it is anticipated that the CDEs will liquidate and distribute their assets to the Chase NMTC ACH Investment Fund LLC. It is also anticipated that ACH will acquire the interests in the Chase NMTC ACH Investment Fund LLC, and that the investment fund will be liquidated. After the exit transactions are completed, ACH will be the holder of a portion of the NMTC Loan, and such loan will be eliminated for reporting purposes because such loan will be owed by the subsidiary to ACH.

ACH and an unrelated third-party lender entered into a second new market tax credit transaction, wherein ACH loaned \$5,841,600 and the third-party lender loaned \$2,558,400, net, to Chase NMTC Family Services Investment Fund LLC during the year ended December 31, 2019. Chase NMTC then lent the funds to a CDE (PeopleFund NMTCC 11, LLC), who separately loaned funds to ACH's subsidiary, Landowner III in the amount of \$7,840,000. This was accomplished through two different QLICI loans as noted below. The loans have subjected ACH and Landowner III to certain restrictive covenants. Management believes they are in compliance with all covenants. Additionally, as part of this arrangement, Landowner III also received a loan from Greenworks Lending, LLC in the amount of \$556,496. This amount carried a 7% interest rate and was paid in full by Landowner III during 2019 and carries a balance of zero as of December 31, 2019.

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**NOTE 12 NOTES PAYABLE (CONTINUED)**

After the seven year NMTC period expires, it is anticipated that the CDEs will liquidate and distribute their assets to the Chase NMTC Family Services Investment Fund LLC. It is also anticipated that ACH will acquire the interests in the Chase NMTC Family Services Investment Fund LLC, and that the investment fund will be liquidated. After the exit transactions are completed, ACH will be the holder of a portion of the NMTC Loan, and such loan will be eliminated for reporting purposes because such loan will be owed by the subsidiary to ACH.

ACH, specifically ACH Landowner II and ACH Landowner III, was obligated on the following notes payable as of December 31:

<u>Payable to and Terms</u>	<u>2020</u>	<u>2019</u>
<b><u>ACH</u></b>		
Payment Protection Program Notes Payable - See Below	\$ 3,118,507	\$ -
<b><u>Landowner II</u></b>		
CNMC Sub-CDE CDE Loan A, interest accrued monthly, paid annually, at 0.705% until December 5, 2025, then principal and interest is due annually until maturity at December 1, 2046.	792,840	792,840
CNMC Sub-CDE CDE Loan B, interest accrued monthly, paid annually, at 0.705% until December 25, 2025, then principal and interest is due annually until maturity at December 1, 2046.	407,160	407,160
Business Loan Conduit 27, CDE Loan A, interest accrued monthly, paid annually, at 0.705% until December 5, 2025, principal and interest is due annually until maturity at then December 1, 2046.	8,979,100	8,979,100
Business Loan Conduit 27, CDE Loan B, interest accrued monthly, paid annually, at 0.705% until December 25, 2025, principal and interest is due annually until maturity at then December 1, 2046.	3,760,900	3,760,900
<b><u>Landowner III</u></b>		
PeopleFund NMTC 11 Loan A, interest accrued monthly, paid annually, at 1.007% until December 1, 2027, then principal and interest is due annually until maturity at December 1, 2058.	5,841,600	5,841,600
PeopleFund NMTC 11 Loan B, interest accrued monthly, paid annually, at 1.007% until December 1, 2027, then principal and interest is due annually until maturity at December 1, 2058.	<u>1,998,400</u>	<u>1,998,400</u>
Total Notes Payable	<u><u>\$ 24,898,507</u></u>	<u><u>\$ 21,780,000</u></u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
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**NOTE 12 NOTES PAYABLE (CONTINUED)**

On April 17, 2020, ACH received a loan from First National Bank in the amount of \$3,118,507 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears an interest rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if ACH fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 17, 2020 to October 2, 2020 is the time that a business has to spend their PPP Loan funds. ACH has classified the loan in accordance with the terms of the law. As discussed in Note 22, this loan was fully forgiven subsequent to year end.

The notes payable are due in the following installments as of December 31, 2020:

<u>Due in Year Ending.</u>	<u>Amount</u>
2021	\$ 2,425,500
2022	693,007
2023	-
2024	-
2025	452,081
Thereafter	<u>21,327,919</u>
Total Notes Payable	<u><u>\$ 24,898,507</u></u>

All of the above notes, with the exception of the loan received under the Paycheck Protection Program, are secured by the deed of trust on certain buildings of the Wichita property.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
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**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Innovations Plan - Kinship Connection	\$ 876,889	\$ 2,517,341
Morris Home	183,748	-
Playground Equipment	23,065	23,065
Wellness Program	-	11,604
Shelter Operations	91,492	-
Learning Management System - Phase 2	73,248	-
AIMS Testing	6,025	6,025
Residential Treatment Center - Charter School and Summer Enrichment	10,834	-
Zoom Software	26,752	-
CBC Stage II Funding Study	10,000	-
LIFE Connections Mentoring Program	-	6,912
Total	1,302,053	2,564,947
Not Subject to Spending Policy or Appropriation:		
Endowment	948,867	948,867
Total	948,867	948,867
Total Net Assets with Donor Restrictions	\$ 2,250,920	\$ 3,513,814

**NOTE 14 ENDOWMENT**

The board of directors of ACH has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, ACH classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument as the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by ACH in a manner consistent with the standard of prudence prescribed by SPMIFA.

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**NOTE 14 ENDOWMENT (CONTINUED)**

In accordance with SPMIFA, ACH 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 ACH 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 investments.
- 6) Other resources of ACH.
- 7) The investment policies of ACH.

**Board-Designated Endowments**

The board of directors had designated \$103,680,595 and \$94,813,571 at December 31, 2020 and 2019, respectively, of net assets without donor restrictions as a general endowment to support the mission of ACH. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

**Donor-Designated Endowments**

ACH's endowment consists of three funds totaling \$948,867 established to assist in funding residential activities.

**Return Objectives and Risk Parameters**

ACH has a spending policy of appropriating for distribution each year 5% of the rolling average of the previous three audited calendar years' investment corpus. In establishing this policy, ACH considered the long-term expected investment return on its endowment. Accordingly, over the long-term, ACH expects the current spending policy to allow its general endowment fund to grow at a net average of 2.5% annually. This is consistent with ACH's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**Strategies Employed for Achieving Objectives**

To achieve that objective, ACH has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible.

Accordingly, ACH expects its endowment assets, over time, to produce an average rate of return of approximately 7.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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**NOTE 14 ENDOWMENT (CONTINUED)**

Composition of and changes in endowment net assets for the years ended December 31 were as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 94,813,571	\$ 948,867	\$ 95,762,438
Investment from ACH Designated by Board to Endowment	-	-	-
Investment Income, Net of Fees	158,996	5,061	164,057
Mineral and Real Estate Properties, Net of Expenses	6,570,201	80,612	6,650,813
Net Realized and Unrealized Gains on Investments	9,848,331	98,814	9,947,145
Legal Expenses on Real Estate	(2,695)	-	(2,695)
Amounts Transferred for Expenditure	(7,707,807)	(184,487)	(7,892,294)
Endowment Net Assets, End of Year	<u>\$ 103,680,597</u>	<u>\$ 948,867</u>	<u>\$ 104,629,464</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 82,193,952	\$ 948,867	\$ 83,142,819
Investment from ACH Designated by Board to Endowment	-	-	-
Investment Income, Net of Fees	504,932	5,829	510,761
Mineral and Real Estate Properties, Net of Expenses	8,042,708	92,847	8,135,555
Net Realized and Unrealized Gains on Investments	9,858,816	113,813	9,972,629
Legal Expenses on Real Estate	(24,874)	-	(24,874)
Amounts Transferred for Expenditure	(5,761,963)	(212,489)	(5,974,452)
Endowment Net Assets, End of Year	<u>\$ 94,813,571</u>	<u>\$ 948,867</u>	<u>\$ 95,762,438</u>

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At December 31, 2020, there are no underwater endowments noted.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
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**NOTE 15 CONTRACT REVENUE, ASSETS, AND LIABILITIES**

	2020	2019
Revenue Recognized at a Point in Time		
State Contracts	\$ 1,809,772	\$ 1,997,432
OCOK Daily Rate	39,750,132	37,833,146
OCOK Exceptional Care Rate	10,259,685	9,801,186
OCOK Network Support	3,637,849	2,553,112
OCOK Resource Transfer	21,531,407	2,897,408
OCOK Other Revenue	1,740,571	1,245,141
Total Revenue Recognized at a Point in Time	\$ 78,729,416	\$ 56,327,425
Accounts Receivable		
State Contracts	\$ 419,203	\$ 166,978
OCOK Daily Rate	3,419,098	4,346,697
OCOK Exceptional Care Rate	4,202,473	1,344,816
OCOK Network Support	602,778	376,583
OCOK Resource Transfer	2,131,269	244,518
Total Accounts Receivable	\$ 10,774,821	\$ 6,479,592
Accounts Payable		
Payables to Providers	\$ 4,795,722	\$ 4,123,206
Total Accounts Payable	\$ 4,795,722	\$ 4,123,206

**NOTE 16 EMPLOYEE BENEFIT PLAN**

ACH sponsors a 401(k) plan for all qualified employees. ACH matches employee contributions at a rate of \$1.00 for each employee dollar up to 3% of the employee's salary and then an additional \$0.50 for each employee dollar up to an additional 2% of the employee's salary. Employer contributions to the plan amounted to \$501,349 and \$261,443 during the years ended December 31, 2020 and 2019, respectively.

**NOTE 17 RELATED PARTY TRANSACTIONS**

ACH received \$153,741 and \$148,951 in contributions from board members for the years ended December 31, 2020 and 2019, respectively.

**NOTE 18 LIQUIDITY AND AVAILABILITY**

ACH receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, ACH received support without donor restrictions. The income without donor restrictions, revenue from certain trusts, program revenue, unrelated business income, and distributions from the All Church Home for Children Foundation are used to fund operations. ACH considers these sources to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program operations. Annual operations are defined as activities occurring during the agency's fiscal year.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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**NOTE 18 LIQUIDITY AND AVAILABILITY (CONTINUED)**

ACH has access to a line of credit which is used to bridge cash flow needs in order to reduce or eliminate the need to liquidate invested assets.

The All Church Home for Children Foundation receives board-designated endowment gifts as well as restricted donor gifts that will exist in perpetuity. The investment and mineral income generated by the endowment assets supports the distributions to ACH for operations, as noted above. See Note 7 and Note 14 for spending policy of beneficial interest in trust and endowment funds, respectively.

ACH manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations will continue to be met, ensuring the sustainability of all the related entities.

The table below presents financial assets available for general operating expenditures within one year at December 31, 2020:

Financial Assets at Year-End:	2020	2019
Cash and Cash Equivalents	\$ 1,636,941	\$ 3,767,985
Grants and Program Receivables, Net	12,137,327	7,609,370
Other Receivables	58,188	61,533
Investments - Publicly Traded/Listed Securities	66,581,234	58,679,574
Investments - Nonpublicly Traded	22,079,786	19,127,897
Mineral Interests and Real Estate, Net	15,727,569	17,047,484
Add: Estimated Distribution from Endowment	9,619,888	7,892,293
Add: Estimated Distributions from Interest in Beneficial Trust	125,000	125,000
Add: Estimate of Mineral and Real Estate Income	6,600,000	8,100,000
Add: Contributions Receivable Due After One Year, Net	655,132	996,527
Less: Contributions for Restricted Gifts, Net	(602,053)	(2,564,947)
Less: Investments Held for Permanently Restricted Endowment	(948,867)	(948,867)
Less: Board Designated Endowment	(103,680,595)	(94,813,571)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 29,989,550	\$ 25,080,278



**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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**NOTE 19 FUNCTIONAL EXPENSE ALLOCATIONS**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of ACH. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, amortization, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated based on full time employee equivalents or square footage of shared space.

**NOTE 20 LEASES**

ACH is obligated under certain leases for its rental of office spaces for their services throughout the DFW area. Additionally, ACH is liable to both Landowner II and Landowner III under certain leases related to its new market tax credit arrangements described in Note 11. In the event that the new market tax credit arrangements successfully unwind, ACH will have the option to cease intercompany lease payments.

The future minimum rental payments required under the above operating leases are as follows:

<u>Year</u>	<u>Nonrelated Party</u>	<u>ACH to Landowner II</u>	<u>ACH to Landowner III</u>
2021	\$ 1,391,981	\$ 113,000	\$ 130,000
2022	1,293,848	113,000	130,000
2023	526,470	113,000	130,000
2024	-	169,000	130,000
2025	-	680,000	155,000
Thereafter	-	11,600,000	6,201,768
Total Minimum Lease Payment	<u>\$ 3,212,299</u>	<u>\$ 12,788,000</u>	<u>\$ 6,876,768</u>

Payments to and from ACH and the related Landowner entities, included in the table above, are eliminated in consolidation for purposes of the combined financial statement presentation.

**NOTE 21 COMMITMENTS AND CONTINGENCIES**

From time to time, ACH may be involved in claims and legal actions arising in the ordinary course of business. Management does not believe that there are any claims or assessments currently outstanding which are more likely than not to be sustained by the claimant upon litigation or mediation.

ACH Child and Family Services has been named as a defendant in pending litigation. This lawsuit is still at the beginning stages of the litigation process.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES**  
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**NOTE 22 SUBSEQUENT EVENTS**

On June 14, 2021, ACH received notification from First National Bank that the forgiveness application for the loan awarded under the Paycheck Protection Program of the CARES Act (referenced in Note 12) in the amount of \$3,118,507, along with accrued interest of \$21,188, had been reviewed and formally forgiven by the SBA, and that First National Bank had received payment in full for such.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on ACH's financial position.

On January 4, 2021, ACH received a conditional grant from a donor for a total amount of \$2,680,000 to be used to enhance the capacity to serve high needs foster youth in family homes through Therapeutic Foster Care. \$1,030,000 was paid upon signature of the grant contract by ACH. The remaining \$1,650,000 is conditional upon submission of certain grant reports in 2022 and 2023.

ACH has evaluated subsequent events through September 1, 2021, which is the date that combined financial statements were available to be issued.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

Board of Directors  
ACH Child and Family Services and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*, the combined financial statements of ACH Child and Family Services and Affiliates (ACH), which comprise the combined statement of financial position as of December 31, 2020 and the related combined statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated September 1, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered ACH's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACH's internal control. Accordingly, we do not express an opinion on the effectiveness of ACH's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ACH's combined financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Uniform Grant Management Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACH's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards* in considering ACH's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

### **CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 1, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE  
STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

Board of Directors  
ACH Child and Family Services and Affiliates

**Report on Compliance for Each Major Federal and State Program**

We have audited ACH Child and Family Services and Affiliates, ACH's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular* that could have a direct and material effect on each of ACH's major federal and state programs for the year ended December 31, 2020. ACH's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal and state statutes, regulations, and terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of ACH's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. *Code of Federal Regulators Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance and the Uniform Grant Management Standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about ACH's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of ACH's compliance with those requirements.

### **Opinion on Each Major Federal and State Program**

In our opinion, ACH Child and Family Services and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2020.

### **Report on Internal Control over Compliance**

Management of ACH is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ACH's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Uniform Grant Management Standards of the State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness on ACH's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Uniform Grant Management Standards of the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 1, 2021

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON  
FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?       yes       no
- Significant deficiency(ies) identified?       yes       none reported

Noncompliance material to combined financial statements noted?

yes       no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?       yes       no
- Significant deficiency(ies) identified?       yes       none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516?

yes       no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.645

Stephanie Tubbs Jones Child Welfare Services Program

93.658

Foster Care Title IV-E

93.558

Temporary Assistance for Needy Families

93.556

Promoting Safe and Stable Families

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,191,005

Auditee qualified as low-risk auditee?

yes       no

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON  
FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON  
STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?       yes       no
- Significant deficiency(ies) identified?       yes       none reported

Noncompliance material to combined financial statements noted?       yes       no

*State Awards*

Internal control over major programs:

- Material weakness(es) identified?       yes       no
- Significant deficiency(ies) identified?       yes       none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Grant Management Standards?       yes       no

Identification of major programs:

<u>Contract Number(s)</u>	<u>Name of State Program or Cluster</u>
24128869	Texas Department of Family and Protective Services Single Source Continuum Contract

Dollar threshold used to distinguish between type A and type B programs:      \$ 750,000

Auditee qualified as low-risk auditee?       yes       no

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON  
STATE AWARDS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROGRAMS**

Our audit did not disclose any matters required to be reported in accordance with *Uniform Grant Standards*.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020**

	Federal CFDA Number	Grant Number	Expenditures Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Direct Programs:				
Basic Center Programs for Runaway and Homeless Youth/Shelter	93.623	90CY6906-03	\$ -	\$ 160,004
	93.623	90CY6906-03-01	-	39,600
	93.623	90CY7225-01-01	-	41,360
Total Basic Center Programs			-	240,964
Total Direct Programs			-	240,964
Pass-through Programs from:				
Texas Department of Family and Protective Services - Foster Care Title IV-E	93.658	24128869	15,606,543	15,606,543
Temporary Assistance for Needy Families (Cluster)	93.558	24128869	20,018,918	20,018,918
Promoting Safe and Stable Families	93.556	24128869	1,188,195	1,188,195
Chafee Foster Care Independence Program	93.674	24128869	70,000	70,000
Adoption Assistance	93.659	24128869	246,473	246,473
Medical Assistance Program	93.778	24128869	182,009	182,009
Stephanie Tubbs Jones Child Welfare Services Program	93.645	24128869	1,669,838	1,669,838
Social Services Block Grant	93.667	24128869	31,174	31,174
Guardianship Assistance	93.090	24128869	6,601	6,601
Total Texas Department of Family and Protective Services			39,019,751	39,019,751
Total Pass-through Programs			39,019,751	39,019,751
Total U.S. Department of Health and Human Services			39,019,751	39,260,715
<b>U.S. Department of Housing and Urban Development</b>				
Pass-through Programs from:				
Tarrant County Community Development Division - Emergency Shelter Grants Program	14.231	E-19-UC-48-0001	-	2,942
	14.231	E-20-UC-48-0001	-	8,585
	14.231	E-20-UC-48-0001-CV	-	4,424
Total Pass-through Programs - U.S. Department of Housing and Urban Development			-	15,951
<b>U.S. Department of Justice</b>				
Pass-through Programs from:				
Texas Office of the Governor - Criminal Justice Division (CJD) Victims of Crime Act	16.575	3252202	-	115,629
	16.575	3252203	-	19,175
Total Pass-through Programs - U.S. Department of Justice			-	134,804
<b>U.S. Department of the Treasury</b>				
Pass-through Programs from:				
Tarrant County COVID-19 - Coronavirus Relief Fund	21.019	-	-	152,676
Total Pass-through Programs - U.S. Department of the Treasury			-	152,676
<b>Department of Homeland Security</b>				
Pass-through Programs from:				
Emergency Food and Shelter National Board Program	97.024	Phase 37	-	25,000
COVID-19 Emergency Food and Shelter National Board Program	97.024	Phase 37 CARES	-	15,000
Total Pass-through Programs - Department of Homeland Security			-	40,000
<b>Texas Department of Family and Protective Services</b>				
Direct Programs				
Family and Youth Success (FAYS) Program	93.556	24555133	-	83,400
COVID-19 Child Welfare Services CARES Act Funding	93.465	-	-	12,622
Total Direct Programs - Texas Department of Family and Protective Services			-	96,022
Total Federal Awards			\$ 39,019,751	\$ 39,700,168

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
DECEMBER 31, 2020**

	<u>Grant Number</u>	<u>State Expenditures</u>
<b>State Awards</b>		
Direct Programs:		
Texas Department of Family and Protective Services Family and Youth Success (FAYS) Program	24555133	\$ <u>1,205,349</u>
Total Direct Programs		1,205,349
Pass-through Programs:		
Texas Department of Family and Protective Services Single Source Continuum Contract	24128869	<u>43,171,620</u>
Total Pass-through Programs		<u>43,171,620</u>
Total State Awards		<u>\$ <u>44,376,969</u></u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of ACH Child and Family Services and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the UGMS of the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic combined financial statements.

**NOTE 2 SUBRECIPIENTS AND CONTRACTORS**

During the year, ACH operated as the monitoring and administrative agent of a large contract for the Texas Department of Family and Protective Services. Responsibilities under this contract included the monitoring of contracting agencies with which its program placed foster children. Of the federal and state expenditures in the attached schedules, \$50,871,554 was provided to these contracting foster agencies for the year ended December 31, 2020.

**NOTE 3 NONCASH ASSISTANCE**

ACH did not receive any noncash assistance from federal or state awards for the year ended December 31, 2020.

**NOTE 4 LOANS**

At year-end, ACH had no loans or loan guarantees outstanding with federal or state awarding agencies.

**NOTE 5 STATE AWARDS**

State awards received by ACH during the year consisted of federal pass through funds commingled with state general revenue funds from the state of Texas or state funds only. ACH did not receive any state awards during the year that consisted of federal pass through funds only.

**NOTE 6 INDIRECT COST RATES**

ACH has elected to use the 10 percent de minimus indirect cost rate on selected contracts as agreed upon with those grantors. For its remaining federal and state contracts, it continues to use the rates negotiated individually with its grantors for that specific contract.



## INDEPENDENT AUDITORS' REPORT ON COMBINING INFORMATION

Board of Directors  
ACH Child and Family Services and Affiliates  
Fort Worth, Texas

We have audited the combined financial statements of ACH Child and Family Services and Affiliates (ACH) as of and for the year ended December 31, 2020 and have issued our report thereon dated September 1, 2021, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The combining statement of financial position and combining statement of activities are presented for the purpose of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

**CliftonLarsonAllen LLP**

Fort Worth, Texas  
September 1, 2021

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

	ACH Child and Family Services	All Church Home for Children Foundation	ACH Landowner	ACH Landowner II	ACH Landowner III	Eliminations	Total
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 1,026,281	\$ 240,873	\$ 37,483	\$ 68,757	\$ 263,547	\$ -	\$ 1,636,941
Restricted Cash	-	-	-	341,888	175,545	-	517,433
Grants Receivable, Net of Allowance for Doubtful Accounts of \$153,390	12,137,327	-	-	-	-	-	12,137,327
Other Receivables	116,606	-	27,600	-	-	(86,018)	58,188
Prepaid Expenses and Other Assets	686,787	-	-	-	-	-	686,787
Easement Asset	-	-	-	480,253	-	(480,253)	-
Deferred Rent Asset	-	-	-	1,473,095	272,674	(1,745,769)	-
Promises to Give, Net of Discount of \$51,868	1,387,449	-	-	-	-	-	1,387,449
Investments - Publicly Traded/Listed Securities	-	66,581,234	-	-	-	-	66,581,234
Investments - Nonpublicly Traded	-	22,079,786	-	-	-	-	22,079,786
Mineral Interest and Real Estate, Net	-	15,727,569	-	-	-	-	15,727,569
Economic Interests in Affiliates	114,306,098	-	178,392	213,999	-	(114,698,489)	-
Beneficial Interest in Trust	12,498,180	-	-	-	-	-	12,498,180
Note Receivable	15,613,540	-	-	-	-	-	15,613,540
Property and Equipment, Net	6,041,479	-	10,389,987	10,614,656	7,188,092	251,501	34,485,715
<b>Total Assets</b>	<b>\$ 163,813,747</b>	<b>\$ 104,629,462</b>	<b>\$ 10,633,462</b>	<b>\$ 13,192,648</b>	<b>\$ 7,899,858</b>	<b>\$ (116,759,028)</b>	<b>\$ 183,410,149</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 6,962,761	\$ -	\$ -	\$ 10,937	\$ 58,416	\$ (86,016)	\$ 6,946,098
Line of Credit	4,601,537	-	-	-	-	-	4,601,537
Easement Liability	-	-	480,253	-	-	(480,253)	-
Deferred Rent Liability	1,778,187	-	-	-	-	(1,745,769)	32,418
Notes Payable	-	-	-	13,940,000	7,840,000	-	21,780,000
Loan Under Paycheck Protection Program - See Note 12	3,118,507	-	-	-	-	-	3,118,507
Debt Issuance Costs, Unamortized Portion	-	-	-	(298,428)	(374,239)	-	(672,667)
<b>Total Liabilities</b>	<b>16,460,992</b>	<b>-</b>	<b>480,253</b>	<b>13,652,509</b>	<b>7,524,177</b>	<b>(2,312,038)</b>	<b>35,805,893</b>
<b>NET ASSETS</b>							
Without Donor Restrictions:							
Undesignated	41,421,240	-	10,153,209	(459,861)	375,681	(9,817,528)	41,672,741
Board Designated Endowment	103,680,595	103,680,595	-	-	-	(103,680,595)	103,680,595
With Donor Restrictions:							
Purpose	1,302,053	-	-	-	-	-	1,302,053
Endowment	948,867	948,867	-	-	-	(948,867)	948,867
<b>Total Net Assets</b>	<b>147,352,755</b>	<b>104,629,462</b>	<b>10,153,209</b>	<b>(459,861)</b>	<b>375,681</b>	<b>(114,446,990)</b>	<b>147,604,256</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 163,813,747</b>	<b>\$ 104,629,462</b>	<b>\$ 10,633,462</b>	<b>\$ 13,192,648</b>	<b>\$ 7,899,858</b>	<b>\$ (116,759,028)</b>	<b>\$ 183,410,149</b>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES  
COMBINING STATEMENT OF ACTIVITIES  
DECEMBER 31, 2020**

	ACH Child and Family Services	All Church Home for Children Foundation	ACH Landowner	ACH Landowner II	ACH Landowner III	Eliminations	Total
<b>PUBLIC SUPPORT</b>							
Contributions	\$ 2,562,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,562,113
Capital Campaign Contributions	1,022,813	-	-	-	-	-	1,022,813
Estates and Trusts	125,000	-	-	-	-	-	125,000
Special Events, Net of Direct Costs of \$10,447	184,831	-	-	-	-	-	184,831
Total Public Support	<u>3,894,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,894,757</u>
<b>REVENUE AND INVESTMENT RETURNS</b>							
Program Service Fee	84,906,827	-	-	-	-	-	84,906,827
Government Grant Income	639,941	-	-	-	-	-	639,941
Rental and Other Income	94,127	-	15,417	628,566	256,003	(785,734)	208,379
Interest and Other Income	341,467	-	50,469	318	498	(22,869)	369,883
Net Income from Affiliates	16,058,726	-	-	-	-	(16,058,726)	-
Mineral and Real Estate Properties, Net	-	6,650,813	-	-	-	-	6,650,813
Investment Income, Net	13	164,057	-	-	-	-	164,070
Realized and Unrealized Gains(Losses) on Investments, Net	6,794	9,947,145	-	-	-	-	9,953,939
Realized Gain (Loss) on Disposition, Net	(25,489)	-	(694)	-	-	-	(26,183)
Changes in Value of Beneficial Interest in Trust Assets	1,759,212	-	-	-	-	-	1,759,212
Total Revenue and Investment Returns	<u>103,781,618</u>	<u>16,762,015</u>	<u>65,192</u>	<u>628,884</u>	<u>256,501</u>	<u>(16,867,329)</u>	<u>104,626,881</u>
Total Public Support, Revenue and Investment Returns	107,676,375	16,762,015	65,192	628,884	256,501	(16,867,329)	108,521,638
<b>EXPENSES</b>							
Program Services	87,504,295	-	283,370	107,374	191,835	(785,734)	87,301,140
General and Administrative	10,354,610	2,697	333,431	481,803	159,233	(22,869)	11,308,905
Fundraising	1,124,655	-	-	94,123	-	-	1,218,778
Total Expenses	<u>98,983,560</u>	<u>2,697</u>	<u>616,801</u>	<u>683,300</u>	<u>351,068</u>	<u>(808,603)</u>	<u>99,828,823</u>
<b>CHANGE IN NET ASSETS</b>	8,692,815	16,759,318	(551,609)	(54,416)	(94,567)	(16,058,726)	8,692,815
Net Assets - Beginning of Year	138,659,940	95,762,438	10,694,818	(432,085)	1,330,023	(107,103,693)	138,911,441
Property Transfers Between ACH and Affiliates	-	-	(128,392)	128,392	-	-	-
Distributions Between ACH and Affiliates	-	(7,892,294)	138,392	(101,752)	(859,775)	8,715,429	-
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 147,352,755</u>	<u>\$ 104,629,462</u>	<u>\$ 10,153,209</u>	<u>\$ (459,861)</u>	<u>\$ 375,681</u>	<u>\$ (114,446,990)</u>	<u>\$ 147,604,256</u>