

ACH CHILD AND FAMILY SERVICES AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ACH Child and Family Services and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ACH Child and Family Services and Affiliates as of December 31, 2021 and 2020, and the consolidated 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of ACH Child and Family Services and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACH Child and Family Services and Affiliates' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACH Child and Family Services and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACH Child and Family Services and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2022, on our consideration of ACH Child and Family Services and Affiliates' 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 Child and Family Services and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing* in considering ACH Child and Family Services and Affiliates' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Worth, Texas
September 7, 2022

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 2,915,491	\$ 1,636,941
Restricted Cash	381,986	517,433
Grants and Program Receivable, Net of Allowance for Doubtful Accounts of \$176,302 and \$153,390	20,159,131	12,137,327
Other Receivables	48,073	58,188
Prepaid Expenses	755,946	686,787
Promises to Give, Net of Discount \$37,692 and \$51,868	814,890	1,387,449
Investments - Publicly Traded/Listed Securities	69,715,488	66,581,234
Investments - Nonpublicly Traded	32,011,466	22,079,786
Mineral Interests and Real Estate, Net	15,726,709	15,727,569
Beneficial Interest in Trust	13,640,481	12,498,180
Note Receivable	15,613,540	15,613,540
Property and Equipment, Net	33,130,817	34,485,715
Total Assets	\$ 204,914,018	\$ 183,410,149
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 11,505,621	\$ 6,978,516
Line of Credit	14,768,416	4,601,537
Notes Payable	21,265,962	21,107,333
Loan Under Paycheck Protection Program	-	3,118,507
Total Liabilities	47,539,999	35,805,893
NET ASSETS		
Without Donor Restrictions:		
Undesignated	38,188,965	41,672,741
Board Designated Endowment	117,645,656	103,680,595
With Donor Restrictions:		
Purpose	590,531	1,302,053
Endowment	948,867	948,867
Total Net Assets	157,374,019	147,604,256
Total Liabilities and Net Assets	\$ 204,914,018	\$ 183,410,149

See accompanying Notes to Consolidated Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions	\$ 1,152,027	\$ 2,391,559	\$ 3,543,586
Capital Campaign Contributions	-	311,250	311,250
Estates and Trusts	125,000	-	125,000
Special Events, Net of Direct Costs of \$64,609	489,354	-	489,354
Total Public Support	1,766,381	2,702,809	4,469,190
REVENUE AND INVESTMENT RETURNS			
Program Service Fees	95,049,436	-	95,049,436
Government Grant Income	712,121	-	712,121
Grant Revenue from COVID Relief Acts - See Note 21	3,118,507	-	3,118,507
Rental and Other Income	219,075	-	219,075
Interest and Other Income	467,941	-	467,941
Mineral and Real Estate Properties, Net	9,999,651	60,315	10,059,966
Investment Income, Net	671,540	1,488	673,028
Realized and Unrealized Gains on			
Investments, Net	12,762,841	90,209	12,853,050
Realized Loss on Disposition	3,420	-	3,420
Change in Value of Beneficial Interest in			
Trust Assets	1,619,106	-	1,619,106
Total Revenues and Investment Returns	124,623,638	152,012	124,775,650
NET ASSETS RELEASED FROM RESTRICTIONS			
Release of Program Restrictions	3,131,951	(3,131,951)	-
Release of Capital Expenditure Restrictions	434,392	(434,392)	-
Total Released from Restrictions	3,566,343	(3,566,343)	-
Total Public Support, Revenue and Investment Returns	129,956,362	(711,522)	129,244,840
EXPENSES			
Program Services	105,119,755	-	105,119,755
General and Administrative	12,900,834	-	12,900,834
Fundraising	1,454,488	-	1,454,488
Total Expenses	119,475,077	-	119,475,077
CHANGE IN NET ASSETS	10,481,285	(711,522)	9,769,763
Net Assets - Beginning of Year	145,353,336	2,250,920	147,604,256
NET ASSETS - END OF YEAR	\$ 155,834,621	\$ 1,539,398	\$ 157,374,019

See accompanying Notes to Consolidated Financial Statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
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	1,453,890	2,440,867	3,894,757
REVENUE AND INVESTMENT RETURNS			
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	104,442,394	184,487	104,626,881
NET ASSETS RELEASED FROM RESTRICTIONS			
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	3,888,248	(3,888,248)	-
Total Public Support, Revenue and Investment Returns	109,784,532	(1,262,894)	108,521,638
EXPENSES			
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	99,828,823	-	99,828,823
CHANGE IN NET ASSETS	9,955,709	(1,262,894)	8,692,815
Net Assets - Beginning of Year	135,397,627	3,513,814	138,911,441
NET ASSETS - END OF YEAR	\$ 145,353,336	\$ 2,250,920	\$ 147,604,256

See accompanying Notes to Consolidated Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services						Supporting Services			Total
	Foster Care/ Adoption/Kinship Connections	Transitions	Youth Emergency Shelter	Youth and Family Services	Residential Care	OCOK Intake, Care Coordination, and Permanency	Total Program Services	General and Administrative	Fundraising	
ACH Child and Family Services										
OCOK Provider Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,943,204	\$ 60,943,204	\$ -	\$ -	\$ 60,943,204
Salaries, Taxes, and Benefits	2,119,400	784,787	1,032,588	1,446,541	4,297,052	23,672,645	33,353,013	8,715,901	1,098,218	43,167,132
Occupancy and Maintenance	87,943	129,161	57,729	99,333	410,052	2,418,125	3,202,343	837,962	40,692	4,080,997
Transportation	52,660	20,126	9,923	4,484	49,481	1,821,473	1,958,147	97,285	2,106	2,057,538
Insurance and Taxes	36,860	44,570	21,711	25,747	96,686	128,679	354,253	187,438	16,716	558,407
Food, Clothing and Supplies	44,172	51,022	81,762	20,562	519,549	506,998	1,224,065	118,630	12,798	1,355,493
Medical	62	659	1,572	-	4,249	3,400	9,942	2,008	-	11,950
Youth Activities	45	1,680	3,276	-	39,391	3,930	48,322	193	-	48,515
Education	-	2,586	-	-	24,965	253	27,804	-	183	27,987
Family Assistance	114,030	18,879	107	18,403	568	57,266	209,253	276	883	210,412
Foster Care Expenses	1,196,877	-	-	-	-	-	1,196,877	-	-	1,196,877
LIFE Project Expenses	-	289,923	-	-	-	-	289,923	-	-	289,923
Other Program Expenses	-	15,609	-	-	6,925	35	22,569	85,563	-	108,132
Development and Promotion	82	-	-	-	-	10	92	5,217	29,409	34,718
Outreach and Awareness	16,967	10,247	516	17,984	1,545	10,059	57,318	307,912	118,367	483,597
Contract Services	48,180	17,462	25,880	44,117	97,215	667,912	900,766	1,090,813	36,261	2,027,840
Audit and Legal Services	1,281	-	-	3,833	4,738	6,260	16,112	129,689	303	146,104
Staff Development and Travel	58,096	3,467	16,816	18,373	36,264	35,756	168,772	121,839	8,665	299,276
Board Development	-	-	-	-	-	64	64	9,381	-	9,445
Miscellaneous Expenses	-	32	(10)	-	217	2,246	2,485	67,802	-	70,287
Interest Expense	-	-	-	-	-	-	-	66,879	-	66,879
Depreciation	122,358	45,305	59,614	83,512	248,079	-	558,868	159,849	1,291	720,008
Total Expenses - ACH	3,899,013	1,435,515	1,311,484	1,782,889	5,836,976	90,278,315	104,544,192	12,004,637	1,365,892	117,914,721
ACH Foundation										
Miscellaneous Expenses	-	-	-	-	-	-	-	1,099	-	1,099
Total Expenses - Foundation	-	-	-	-	-	-	-	1,099	-	1,099
ACH Landowner										
Depreciation	74,985	120,307	22,787	58,238	-	-	276,317	340,874	-	617,191
Total Expenses - ACH Landowner	74,985	120,307	22,787	58,238	-	-	276,317	340,874	-	617,191
ACH Landowner II										
Interest Expense	-	-	-	-	-	-	-	98,277	-	98,277
Depreciation	-	-	69,857	37,554	-	-	107,411	170,284	88,596	366,291
Amortization	-	-	-	-	-	-	-	87,345	-	87,345
Bank Fees	-	-	-	-	-	-	-	97,501	-	97,501
Total Expenses - ACH Landowner II	-	-	69,857	37,554	-	-	107,411	453,407	88,596	649,414
ACH Landowner III										
Audit Fees	-	-	-	-	-	-	-	9,000	-	9,000
Depreciation	-	-	-	-	191,835	-	191,835	-	-	191,835
Interest Expense	-	-	-	-	-	-	-	20,533	-	20,533
Amortization	-	-	-	-	-	-	-	71,284	-	71,284
Total Expenses - ACH Landowner III	-	-	-	-	191,835	-	191,835	100,817	-	292,652
Total Expenses - Combined	<u>\$ 3,973,998</u>	<u>\$ 1,555,822</u>	<u>\$ 1,404,128</u>	<u>\$ 1,878,681</u>	<u>\$ 6,028,811</u>	<u>\$ 90,278,315</u>	<u>\$ 105,119,755</u>	<u>\$ 12,900,834</u>	<u>\$ 1,454,488</u>	<u>\$ 119,475,077</u>

See accompanying Notes to Consolidated Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services						Supporting Services			
	Foster Care/ Adoption/Kinship Connections	Transitions	Youth Emergency Shelter	Youth and Family Services	Residential Care	OCOK Intake and Care Coordination	Total Program Services	General and Administrative	Fundraising	Total
ACH Child and Family Services										
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	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	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
ACH Foundation										
Professional Fees	-	-	-	-	-	-	-	2,697	-	2,697
Total Expenses - Foundation	-	-	-	-	-	-	-	2,697	-	2,697
ACH Landowner										
Depreciation	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
ACH Landowner II										
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
ACH Landowner III										
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 Consolidated Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 9,769,763	\$ 8,692,815
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Net Realized and Unrealized Gain on Investments	(12,853,050)	(9,953,939)
Realized (Gain) Loss on Disposition of Property and Equipment	(3,420)	26,183
Noncash Change in Value of Beneficial Interest in Trust Assets	(1,142,301)	(1,286,862)
Bad Debt Expense (Recoveries)	46,733	(32,390)
Depreciation Expense	1,895,325	1,865,632
Amortization Expense	158,629	158,629
Depletion Expense	-	1,319,914
Forgiveness of PPP Loan Under COVID Relief Acts - See Note 22	(3,118,507)	-
(Increase) Decrease in Operating Assets:		
Grants and Program Receivable	(8,068,537)	(4,495,567)
Other Receivables	10,115	3,345
Prepaid Expenses	(69,159)	(329,599)
Promises to Give	572,559	625,366
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	4,527,105	(1,957,859)
Contributions Restricted for Long-Term Purposes	(311,250)	(1,022,813)
Net Cash Used by Operating Activities	(8,585,995)	(6,387,145)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(544,926)	(536,921)
Insurance Proceeds on the Disposal of Property and Equipment	7,919	-
Proceeds from Sale of Investments	30,667,611	26,141,680
Purchase of Investments	(30,879,635)	(27,041,287)
Net Cash Used by Investing Activities	(749,031)	(1,436,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Draws on Line of Credit	10,166,879	1,425,626
Proceeds from Issuance of Paycheck Protection Program Loan	-	3,118,507
Proceeds from Contributions Restricted for:		
Investment in Property and Equipment	311,250	1,022,813
Net Cash Provided by Financing Activities	10,478,129	5,566,946
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,143,103	(2,256,727)
Cash and Cash Equivalents - Beginning of Year	2,154,374	4,411,101
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,297,477	\$ 2,154,374
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	\$ 174,752	\$ 212,878
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 2,915,491	\$ 1,636,941
Restricted Cash	381,986	517,433
Total Cash and Cash Equivalents	\$ 3,297,477	\$ 2,154,374

See accompanying Notes to Consolidated Financial Statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 ORGANIZATION AND OPERATIONS

ACH Child and Family Services (ACH) is a Texas nonprofit corporation, established in 1915, and dedicated to the prevention, intervention, and treatment of child abuse, neglect, and family separation. With over a century of experience, ACH brings needed resources and skills to children and families struggling with life's challenges. Some programs keep children and families together while others provide a healing home for children who cannot live with their families. Services offered include crisis intervention, family counseling and skill-building, traditional foster care, treatment foster care for children with therapeutic needs, kinship support for families caring for related children, adoption, transitional housing for families who have experienced domestic violence, supervised independent living services for young adults who are homeless or who are aging out of foster care, and residential group care including intensive residential treatment. ACH also manages the community-based care network of foster care providers in a seven-county region of North Texas through a division called Our Community Our Kids (OCOK). The vision of ACH is to be a leading agency in the community, so families thrive and children experience safety, hope, and love.

Principles of Consolidation

The consolidated financial statements include the accounts of ACH and the below four nonprofits that ACH is the sole member of.

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 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, 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, 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 certain real property to ACH to be used for administration and programs.

ACH Landowner III is a Texas nonprofit corporation, organized to support its sole member, 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 certain real property to ACH to be used to help certain residents with special needs.

This summary of significant accounting policies of ACH is presented to assist in understanding ACH's consolidated financial statements. The consolidated 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 consolidated financial statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The accompanying consolidated 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, the Organization), since they are financially interrelated organizations. Significant intercompany transactions and balances have been eliminated in the consolidation.

Financial Statement Presentation

The Organization presents the consolidated financial statements in accordance with U.S. GAAP. As such, the Organization 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.

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

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers only cash in banks and cash on hand as cash and cash equivalents. These cash equivalents are financial instruments that potentially subject the Organization to concentrations of credit risk. The Organization 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

The Organization's receivables consist principally of program service fees and grants from governmental agencies. The Organization 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 \$176,302 and \$153,390 was deemed necessary as of December 31, 2021 and 2020, respectively. Bad debt expense (recoveries) was \$46,733 and (\$32,390) for the years ended December 31, 2021 and 2020, respectively.

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

State Contracts

Revenue from contracts with the various agencies of the State of Texas for programs provided by the Organization 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

The Organization is paid either a blended daily rate or an exceptional care rate by the Texas Department of Family and Protective Services on a per child, per day basis. The Organization will then pass these funds through to providers for the care of foster children. Revenue is recognized by service date of foster care.

OCOK Purchased Family Services

The Organization pays sub-contractors for services performed to biological parents. In addition, they also provide funds to families for concrete support. This revenue is paid on a reimbursement basis and is recognized as allowable costs are incurred.

OCOK Adoption

The Organization is paid a per-adoption flat rate based on the date the adoption takes place. The Organization will then pass these funds through to providers for the care of foster children. Revenue is recognized by adoption date of foster care.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 recognized each month as 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 the Organization. Revenue is recognized each month as these performance barriers are met.

OCOK Rate Reconciliation Revenue

Revenue consists of TDFPS 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 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.

OCOK Capacity Building Project Funds

The Organization has cost reimbursement funding from the legislature that must be used towards building foster care capacity. Revenue is recognized as allowable costs are incurred for services the Organization spends funds on throughout the year as it relates to foster care capacity.

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, 2021 are expected to be received through 2026.

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 consolidated statement of financial position.

As of December 31, 2021, \$1,650,000 of conditional contributions had been received but not yet recognized as certain barriers for conditions had not been met.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Expenditures for property and equipment in excess of \$5,000 and having a useful life of one year or more are capitalized and recorded on the Organization'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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization 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 3 to 30 years. Depreciation expense for 2021 and 2020 amounted to \$1,895,325 and \$1,865,632, 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 Child and Family Services 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 consolidated financial statements. 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization 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 99% and 98% of total program receivables is due from one government agency as of December 31, 2021 and 2020, respectively.

One donor commitment comprised 58% and three donor commitments comprised 82% of the total balance of promises to give as of December 31, 2021 and 2020, respectively.

The Organization 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

The Organization 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 consolidated 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 consolidated 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. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization 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 the Organization 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, the Organization 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mineral Interests and Real Estate

The Organization's investments in real estate and mineral interests were acquired primarily by contribution and recorded at the estimated fair market value at the date of receipt. Management evaluates for impairment each year and recognizes a loss when the estimated fair value is below carrying value.

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, 2021 and 2020, deferred financing costs were \$1,110,399. At December 31, 2021 and 2020, accumulated amortization of deferred financing costs was \$596,361 and \$437,732, respectively. Amortization expense related to the deferred financing costs was \$158,629 for each of the years ended December 31, 2021 and 2020, and was recorded to interest expense in the consolidated statements of functional expenses.

Donated Goods and Services

From time to time, the Organization will receive donated goods, property, or other assets. These assets are recorded in the consolidated 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 consolidated 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, 2021 and 2020.

No amounts have been reflected in the consolidated 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 the Organization.

NOTE 3 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 \$381,986 and \$517,433 as of December 31, 2021 and 2020, respectively. All of these funds were held by JP Morgan Chase for the years ended December 31, 2021 and 2020, in accordance with certain debt instruments reflected in Notes 10 and 11 to the consolidated financial statements.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 4 PROMISES TO GIVE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the consolidated 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, 2021 and 2020. At December 31, 2021 and 2020, all promises to give are considered fully collectible and no allowance for doubtful accounts has been estimated. Bad debt expense is reflected in the consolidated statement of functional expenses in miscellaneous expense and is reflected separately in the consolidated statement of cash flows.

At December 31, 2021, promises to give are expected to be received as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 342,082
2023	210,500
2024	100,000
2025	100,000
2026	100,000
Total	<u>852,582</u>
Less: Present Value Discount	<u>(37,692)</u>
Promises to Give, Net of Present Value Discount	<u><u>\$ 814,890</u></u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 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:

December 31, 2021

Investment Description	Fair Market Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Short-Term Investment Funds	\$ 2,727,089	\$ 2,730,047	\$ (2,958)
Fixed Income	15,444,624	15,311,352	133,272
Global Equities	50,793,262	39,532,974	11,260,288
Marketable Hedge Funds	750,513	781,906	(31,393)
Total Publicly Traded/Listed Securities	<u>\$ 69,715,488</u>	<u>\$ 58,356,279</u>	<u>\$ 11,359,209</u>

December 31, 2020

Investment Description	Fair Market Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
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>

Due to market volatility with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future consolidated statements of activities.

Fair Value Hierarchy Measurements

The above investments were classified as follows at December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Short-Term Investment Funds	\$ 2,727,089	\$ -	\$ -	\$ 2,727,089
Fixed Income	15,444,624	-	-	15,444,624
Global Equities	50,793,262	-	-	50,793,262
Marketable Hedge Funds	750,513	-	-	750,513
Subtotal	69,715,488	-	-	69,715,488
Investments Measured at Net Asset Value	-	-	-	32,011,466
Total	<u>\$ 69,715,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,726,954</u>

	2020			
	Level 1	Level 2	Level 3	Total
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	66,581,234	-	-	66,581,234
Investments Measured at Net Asset Value	-	-	-	22,079,786
Total	<u>\$ 66,581,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,661,020</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 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:

<u>December 31, 2021</u>		Fair	Cost	Cumulative Unrealized Appreciation (Depreciation)
Hedge Fund Description		Value		
Blackstone Tactical Opportunities Fund	(d)	\$ 362,934	\$ 1,842,157	\$ (1,479,223)
Blackstone Tactical Opportunities Fund III	(k)	1,688,188	1,432,273	255,915
Golden Tree Offshore Fund, Ltd.	(b)	875,188	1,243,848	(368,660)
Pointer Offshore Ltd.	(c)	4,812,703	2,450,000	2,362,703
Oak Street Real Estate	(i)	852,013	914,400	(62,387)
Goldman Sachs Vintage VIII	(j)	1,574,600	844,574	730,026
The Weatherlow Offshore Fund	(a)	2,571,406	2,109,142	462,264
Third Point Offshore Fund	(e)	3,623,842	527,630	3,096,212
Canyon Value Realization Fund	(g)	1,583,236	860,917	722,319
HPC Millennium Int'l Ltd.	(f)	4,219,543	3,171,030	1,048,513
MS Hamilton Lane	(h)	2,980,036	2,213,616	766,420
Makena Perpetual	(l)	3,870,005	3,000,000	870,005
Cascade	(m)	2,997,772	3,000,000	(2,228)
Total Nonpublicly Traded Securities		<u>\$ 32,011,466</u>	<u>\$ 23,609,587</u>	<u>\$ 8,401,879</u>

<u>December 31, 2020</u>		Fair	Cost	Cumulative Unrealized Appreciation (Depreciation)
Hedge Fund Description		Value		
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>

- (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 and September 15.
- (d) Unfunded capital commitments totaled \$265,2016 and \$268,304 for 2021 and 2020, 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 20th calendar day of the first month of the applicable fiscal quarter. Withdrawals are limited to 25% of partners' capital.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 INVESTMENTS (CONTINUED)

Nonpublicly Traded Securities (Continued)

- (h) Subject to certain lock-up and liquidity restrictions greater than 65 days. Unfunded capital commitment is \$918,814 and \$1,059,052 for 2021 and 2020, respectively. It has a 12-month initial lockup (purchased during 2017) and quarterly liquidity with 90-day notice.
- (i) Unfunded capital commitments totaled \$1,085,600 and \$1,493,600 for 2021 and 2020, respectively.
- (j) Unfunded capital commitments totaled \$1,220,678 and \$1,587,581 for 2021 and 2020, respectively.
- (k) Unfunded capital commitments totaled \$889,885 and \$957,208 for 2021 and 2020, respectively. Quarterly liquidity with 90-day notice.
- (l) Unfunded capital commitments totaled \$3,000,000 and \$-0- for 2021 and 2020, respectively.
- (m) Quarterly withdrawals with 95-day notice.

Mineral Interests and Real Estate

The Organization's investments in real estate and mineral interests were acquired primarily by contribution and recorded at the estimated fair market value at the date of receipt. Management evaluates for impairment each year and recognizes a loss when the estimated fair value is below carrying value. The balance reflected on the consolidated statement of financial position is \$15,727,569 at December 31, 2021 and 2020. During the years ended December 31, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Mineral Income	\$ 11,200,456	\$ 9,447,504
Real Estate Income	-	-
Less: Depletion Amortized	-	(1,319,914)
Less: Mineral Expense	(1,140,490)	(1,476,585)
Less: Real Estate Expense	-	(192)
Net Mineral and Real Estate Income	<u>\$ 10,059,966</u>	<u>\$ 6,650,813</u>
Dividends and Interest	\$ 1,471,704	\$ 912,198
Less: Investment Advisory and Bank Fees	(798,676)	(748,128)
Net Investment Income	<u>\$ 673,028</u>	<u>\$ 164,070</u>
Net Realized Gains on Investment Securities	\$ 10,060,967	\$ 3,425,294
Net Unrealized Gains on Investment Securities	2,792,083	6,528,645
Net Realized and Unrealized Gains on Investments	<u>\$ 12,853,050</u>	<u>\$ 9,953,939</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 BENEFICIAL INTEREST IN TRUST

The Organization has a beneficial interest in the Stonestreet Trust (Trust).

The Organization'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:

	Level 3 Fair Values
Beginning Balance, December 31, 2020	\$ 12,498,180
Unrealized Gains and Losses	1,619,106
Sales and Distributions of Capital and Reinvested Earnings	(476,805)
Ending Balance, December 31, 2021	\$ 13,640,481

The Organization's share of the net assets of the Trust is reflected at estimated fair value. The composition of investments underlying the Organization's share of the net assets of the Trust as of December 31 is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Short-Term Investment Funds	\$ 300,087	\$ -	\$ -	\$ 300,087
Equities	10,672,227	-	-	10,672,227
Fixed Income Securities	-	2,666,902	-	2,666,902
Real Estate	-	-	1,265	1,265
Totals	\$ 10,972,314	\$ 2,666,902	\$ 1,265	\$ 13,640,481
December 31, 2020	Level 1	Level 2	Level 3	Total
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	\$ 9,996,377	\$ 2,501,100	\$ 703	\$ 12,498,180

The Organization received cash distributions of \$476,805 and \$472,350 and recognized an unrealized increase in the value of the Trust of \$1,619,106 and \$1,759,212 during the years ended December 31, 2021 and 2020, resulting in a net increase in value of beneficial interest in Trust assets of \$1,142,301 and \$1,286,862.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 7 NOTE RECEIVABLE

During 2017, the Organization 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 10 to the consolidated financial statements. However, there is not a right of offset with these debt instruments.

During 2019, the Organization closed on a new market tax credit arrangement resulting in a note receivable from Chase NMTC the Organization 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 10 to the consolidated financial statements. However, there is not a right of offset with these debt instruments.

NOTE 8 PROPERTY AND EQUIPMENT

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

	2021	2020
Land	\$ 4,101,000	\$ 4,101,000
Buildings and Improvements	39,380,119	39,286,751
Furniture, Fixtures, and Equipment	2,810,567	2,446,364
Automobiles	885,329	827,917
Total Property and Equipment	<u>47,177,015</u>	<u>46,662,032</u>
Less: Accumulated Depreciation	<u>(14,046,198)</u>	<u>(12,176,317)</u>
Net Property and Equipment	<u>\$ 33,130,817</u>	<u>\$ 34,485,715</u>

NOTE 9 LINE OF CREDIT

The Organization 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 one-month LIBOR plus 0.75% per annum. The average LIBOR rate for 2021 was 0.30%. The line of credit is currently secured by 14 of the Organization's sub-investment accounts with a fair value at December 31, 2021 of \$65,508,947 (the financial institution calculates a borrowing base of 70% to 100% on this amount based upon the type of underlying investments). There was \$14,768,416 and \$4,601,537 outstanding on the line of credit as of December 31, 2021 and 2020, respectively.

ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 NEW MARKET TAX CREDIT ARRANGEMENTS

The Organization 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 7 and 11.

The Organization 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 7 and 11.

NOTE 11 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.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 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.

The Organization was obligated on the following notes payable as of December 31:

<u>Payable to and Terms</u>	<u>2021</u>	<u>2020</u>
<u>ACH</u>		
Payment Protection Program Loan - See Below	<u>\$ -</u>	<u>\$ 3,118,507</u>
<u>Landowner II</u>		
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
<u>Landowner III</u>		
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	\$ 21,780,000	\$ 21,780,000
Less: Deferred Costs	(514,038)	(672,667)
Notes Payable, Net	<u>\$ 21,265,962</u>	<u>\$ 21,107,333</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 11 NOTES PAYABLE (CONTINUED)

The notes payable are due in the following installments as of December 31, 2021:

<u>Due in Year Ending,</u>	<u>Amount</u>
2022	\$ -
2023	-
2024	-
2025	452,081
2026	455,269
Thereafter	20,872,650
Total Notes Payable	<u>\$ 21,780,000</u>

All of the above notes are secured by the deed of trust on certain buildings of the Wichita property.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Playground Equipment	\$ 20,000	\$ 23,065
Innovations Plan - Kinship Connection	-	876,889
Morris Home	-	183,748
Therapeutic Foster Care	206,229	-
Shelter Operations	204,408	91,492
Learning Management System - Phase 2	46,190	73,248
Wedgewood Bike Path	70,000	-
Doss Renovations	25,000	-
AIMS Testing	-	6,025
Residential Treatment Center - Charter School and Summer Enrichment	3,870	10,834
Zoom Software	-	26,752
CBC Stage II Funding Study	-	10,000
LIFE Connections Mentoring Program	14,834	-
Total	<u>590,531</u>	<u>1,302,053</u>
Not Subject to Spending Policy or Appropriation:		
Endowment	948,867	948,867
Total	<u>948,867</u>	<u>948,867</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,539,398</u>	<u>\$ 2,250,920</u>

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 13 ENDOWMENT

The board of directors of the Organization 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, the Organization 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 the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization 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 the Organization 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 the Organization.
- 7) The investment policies of the Organization.

Board-Designated Endowments

The board of directors had designated \$117,645,656 and \$103,680,595 at December 31, 2021 and 2020, respectively, of net assets without donor restrictions as a general endowment to support the mission of the Organization. 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

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

Return Objectives and Risk Parameters

The Organization 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, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization 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 the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 13 ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

To achieve that objective, the Organization 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, the Organization 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.

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 103,680,597	\$ 948,867	\$ 104,629,464
Investment from ACH Designated by Board to Endowment	-	-	-
Investment Income, Net of Fees	671,540	1,488	673,028
Mineral and Real Estate Properties, Net of Expenses	9,999,651	60,315	10,059,966
Net Realized and Unrealized Gains on Investments	12,763,700	90,209	12,853,909
Legal Expenses on Real Estate	(1,960)	-	(1,960)
Amounts Transferred for Expenditure	(9,467,872)	(152,012)	(9,619,884)
Endowment Net Assets, End of Year	<u>\$ 117,645,656</u>	<u>\$ 948,867</u>	<u>\$ 118,594,523</u>
	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>

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, 2021, there are no underwater endowments noted.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 14 EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) plan for all qualified employees. The Organization 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 \$673,448 and \$501,349 during the years ended December 31, 2021 and 2020, respectively.

NOTE 15 RELATED PARTY TRANSACTIONS

The Organization received \$110,119 and \$153,741 in contributions from board members for the years ended December 31, 2021 and 2020, respectively.

NOTE 16 LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Organization 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. The Organization 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.

The Organization 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 6 and Note 13 for spending policy of beneficial interest in trust and endowment funds, respectively.

The Organization 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.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 16 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

Financial Assets at Year-End:	2021	2020
Cash and Cash Equivalents	\$ 2,915,491	\$ 1,636,941
Grants and Program Receivables, Net	20,159,131	12,137,327
Other Receivables	48,073	58,188
Investments - Publicly Traded/Listed Securities	69,715,488	66,581,234
Investments - Nonpublicly Traded	32,011,466	22,079,786
Mineral Interests and Real Estate, Net	15,726,709	15,727,569
Add: Estimated Distribution from Endowment	10,704,903	9,619,888
Add: Estimated Distributions from Interest in Beneficial Trust	125,000	125,000
Add: Estimate of Mineral and Real Estate Income	8,600,000	8,600,000
Add: Contributions Receivable Due After One Year, Net	472,808	655,132
Less: Contributions for Restricted Gifts, Net	(590,531)	(602,053)
Less: Investments Held for Permanently Restricted Endowment	(948,867)	(948,867)
Less: Board Designated Endowment	(117,645,656)	(103,680,595)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 41,294,015	\$ 29,989,550

NOTE 17 FUNCTIONAL EXPENSE ALLOCATIONS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. 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 18 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 10. In the event that the new market tax credit arrangements successfully unwind, ACH will have the option to cease intercompany lease payments.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 18 LEASES (CONTINUED)

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

Year	Nonrelated Party	ACH to Landowner II	ACH to Landowner III
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
2026	-	680,000	155,000
Thereafter	-	10,920,000	6,046,768
Total Minimum Lease Payment	<u>\$ 1,820,318</u>	<u>\$ 12,675,000</u>	<u>\$ 6,746,768</u>

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

NOTE 19 COMMITMENTS AND CONTINGENCIES

From time to time, the Organization 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 in the middle litigation process and there has been no settlement amounts finalized.

NOTE 20 GRANT REVENUE FROM COVID RELIEF ACTS

On April 17, 2020, the Organization received proceeds 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 24 months deferred for 6 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 the Organization 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 ACH has to spend their PPP Loan funds.

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 20 GRANT REVENUE FROM COVID RELIEF ACTS (CONTINUED)

The Organization is following ASC 470, *Debt*, to account for initial receipts related to the PPP Loan. On June 14, 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified First National Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in Grant Revenue from COVID Relief Acts during the year ended December 31, 2021.

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 the Organization's financial position.

NOTE 21 SUBSEQUENT EVENTS

On February 22, 2022, the Organization's Line of Credit was amended to increase the maximum amount from \$20,000,000 to \$30,000,000.

The Organization has evaluated subsequent events through September 7, 2022, which is the date that consolidated 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 STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING 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, the consolidated financial statements of ACH Child and Family Services and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered ACH Child and Family Services and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACH Child and Family Services and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of ACH Child and Family Services and Affiliates' 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.

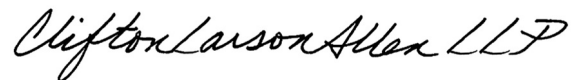
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACH Child and Family Services and Affiliates' consolidated 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 consolidated 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*.

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 Child and Family Services and Affiliates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACH Child and Family Services and Affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Worth, Texas
September 7, 2022



**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 Program

Opinion on Each Major Federal Program

We have audited ACH Child and Family Services and Affiliates' compliance with the types of compliance requirements identified as subject to audit 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 Child and Family Services and Affiliates' major federal and state programs for the year ended December 31, 2021. ACH Child and Family Services and Affiliates' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ACH Child and Family Services and Affiliates complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit 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) *Supplement* and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*. Our responsibilities under those standards, the Uniform Guidance, and the *Uniform Grant Management Standards* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ACH Child and Family Services and Affiliates and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of ACH Child and Family Services and Affiliates' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ACH Child and Family Services and Affiliates' federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ACH Child and Family Services and Affiliates' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Uniform Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ACH Child and Family Services and Affiliates' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Uniform Grant Management Standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ACH Child and Family Services and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of ACH Child and Family Services and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of ACH Child and Family Services and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

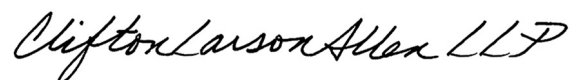
Report on Internal Control Over Compliance

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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Worth, Texas
September 7, 2022

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON
FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to consolidated financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.658	Foster Care Title IV-E

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

\$ 1,371,945

Auditee qualified as low-risk auditee?

 X yes _____ no

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON
FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

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, 2021**

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 consolidated 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:

Contract Number(s)

Name of State Program or Cluster

24128869

Texas Department of Family and Protective Services Single Source Continuum Contract

24555133

Family and Youth Success (FAYS) Program

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

\$ 300,000

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, 2021**

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, 2021**

	Federal Assistance Listing Number	Grant Number	Expenditures Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Direct Programs:				
Basic Center Programs for Runaway and Homeless Youth/Shelter	93.623	90CY7225-01-01	\$ -	\$ 158,640
	93.623	90CY7225-02-00	-	51,439
Total Basic Center Programs			-	210,079
Total Direct Programs			-	210,079
Pass-through Programs from:				
Texas Department of Family and Protective Services -				
Foster Care Title IV-E	93.658	24128869	15,554,506	15,554,506
Temporary Assistance for Needy Families (Cluster)	93.558	24128869	27,078,581	27,078,581
Promoting Safe and Stable Families	93.556	24128869	1,389,500	1,389,500
Chafee Foster Care Independence Program	93.674	24128869	425,800	425,800
Adoption Assistance	93.659	24128869	281,840	281,840
Medical Assistance Program	93.778	24128869	307,092	307,092
Social Services Block Grant	93.667	24128869	54,743	54,743
Guardianship Assistance	93.090	24128869	15,445	15,445
Family and Youth Success (FAYS) Program	93.556	24555133	-	230,263
24 Hour Awake	93.556	24783961	-	8,534
COVID-19 Child Welfare Services CARES Act Funding	93.465	-	-	2,377
Total Texas Department of Family and Protective Services			45,107,507	45,348,681
Total Pass-through Programs			45,107,507	45,348,681
Total U.S. Department of Health and Human Services			45,107,507	45,558,760
U.S. Department of Housing and Urban Development				
Pass-through Programs from:				
Tarrant County Community Development Division -				
Emergency Shelter Grants Program	14.231	E-20-UC-48-0001	-	8,202
	14.231	E-21-UC-48-0001	-	9,209
Total Pass-through Programs - U.S. Department of Housing and Urban Development			-	17,411
U.S. Department of Justice				
Pass-through Programs from:				
Texas Office of the Governor - Criminal Justice Division (CJD)				
Victims of Crime Act	16.575	3252203	-	107,202
	16.575	3252204	-	18,131
Total Pass-through Programs - U.S. Department of Justice			-	125,333
U.S. Department of Homeland Security				
Pass-through Programs from:				
Tarrant County Local Emergency Food and Shelter Program Board				
Emergency Food and Shelter National Board Program	97.024	Phase 38	-	30,000
Total Pass-through Programs - Department of Homeland Security			-	30,000
Total Federal Awards			\$ 45,107,507	\$ 45,731,504

See accompanying Notes to Schedules of Expenditures of Federal and State Awards..

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
SCHEDULE OF EXPENDITURES OF STATE AWARDS
DECEMBER 31, 2021**

	Grant Number	Passed through to Subrecipients	State Expenditures
State Awards			
Pass-through Programs:			
Texas Department of Family and Protective Services			
Single Source Continuum Contract	24128869	\$ 15,835,697	\$ 46,844,215
Family and Youth Success (FAYS) Program	24555133	-	1,191,054
24 Hour Awake	24783961	-	2,845
		15,835,697	48,038,114
Total Pass-through Programs		15,835,697	48,038,114
Total State Awards		\$ 15,835,697	\$ 48,038,114

See accompanying Notes to Schedules of Expenditures of Federal and State Awards..

**ACH CHILD AND FAMILY SERVICES AND AFFILIATES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2021**

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 (the Organization) 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 consolidated financial statements.

NOTE 2 SUBRECIPIENTS AND CONTRACTORS

During the year, the Organization 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, \$60,943,204 was provided to these contracting foster agencies for the year ended December 31, 2021.

NOTE 3 NONCASH ASSISTANCE

The Organization did not receive any noncash assistance from federal or state awards for the year ended December 31, 2021.

NOTE 4 LOANS

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

NOTE 5 STATE AWARDS

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

NOTE 6 INDIRECT COST RATES

The Organization 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 CONSOLIDATING INFORMATION

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

We have audited the consolidated financial statements of ACH Child and Family Services and Affiliates as of and for the year ended December 31, 2021, and have issued our report thereon dated September 7, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
September 7, 2022

ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION)

ASSETS	ACH Child and Family Services	All Church Home for Children Foundation	ACH Landowner	ACH Landowner II	ACH Landowner III	Eliminations	Total
Cash and Cash Equivalents	\$ 1,374,653	\$ 1,140,860	\$ 37,483	\$ 83,480	\$ 279,015	\$ -	\$ 2,915,491
Restricted Cash	-	-	-	244,420	137,566	-	381,986
Grants Receivable, Net of Allowance for Doubtful Accounts of \$176,302	20,159,131	-	-	-	-	-	20,159,131
Other Receivables	186,989	-	-	-	-	(138,916)	48,073
Prepaid Expenses and Other Assets	755,946	-	-	-	-	-	755,946
Easement Asset	-	-	-	457,384	-	(457,384)	-
Deferred Rent Asset	-	-	-	1,874,409	396,678	(2,271,087)	-
Promises to Give, Net of Discount of \$37,692	814,890	-	-	-	-	-	814,890
Investments - Publicly Traded/Listed Securities	-	69,715,488	-	-	-	-	69,715,488
Investments - Nonpublicly Traded	-	32,011,466	-	-	-	-	32,011,466
Mineral Interest and Real Estate, Net	-	15,726,709	-	-	-	-	15,726,709
Economic Interests in Affiliates	127,329,675	-	128,392	214,000	-	(127,672,067)	-
Beneficial Interest in Trust	13,640,481	-	-	-	-	-	13,640,481
Note Receivable	15,613,540	-	-	-	-	-	15,613,540
Property and Equipment, Net	5,781,401	-	9,853,296	10,248,363	6,996,256	251,501	33,130,817
Total Assets	\$ 185,656,706	\$ 118,594,523	\$ 10,019,171	\$ 13,122,056	\$ 7,809,515	\$ (130,287,953)	\$ 204,914,018
LIABILITIES AND NET ASSETS							
LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ 11,459,986	\$ -	\$ 80,500	\$ 10,937	\$ 58,416	\$ (138,916)	\$ 11,470,923
Line of Credit	14,768,416	-	-	-	-	-	14,768,416
Easement Liability	-	-	457,384	-	-	(457,384)	-
Deferred Rent Liability	2,305,785	-	-	-	-	(2,271,087)	34,698
Notes Payable	-	-	-	13,940,000	7,840,000	-	21,780,000
Debt Issuance Costs, Unamortized Portion	-	-	-	(211,083)	(302,955)	-	(514,038)
Total Liabilities	28,534,187	-	537,884	13,739,854	7,595,461	(2,867,387)	47,539,999
NET ASSETS							
Without Donor Restrictions:							
Undesignated	37,937,465	-	9,481,287	(617,798)	214,054	(8,826,043)	38,188,965
Board Designated Endowment	117,645,656	117,645,656	-	-	-	(117,645,656)	117,645,656
With Donor Restrictions:							
Purpose	590,531	-	-	-	-	-	590,531
Endowment	948,867	948,867	-	-	-	(948,867)	948,867
Total Net Assets	157,122,519	118,594,523	9,481,287	(617,798)	214,054	(127,420,566)	157,374,019
Total Liabilities and Net Assets	\$ 185,656,706	\$ 118,594,523	\$ 10,019,171	\$ 13,122,056	\$ 7,809,515	\$ (130,287,953)	\$ 204,914,018

ACH CHILD AND FAMILY SERVICES AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION)

	ACH Child and Family Services	All Church Home for Children Foundation	ACH Landowner	ACH Landowner II	ACH Landowner III	Eliminations	Total
PUBLIC SUPPORT							
Contributions	\$ 3,543,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,543,586
Capital Campaign Contributions	311,250	-	-	-	-	-	311,250
Estates and Trusts	125,000	-	-	-	-	-	125,000
Special Events, Net of Direct Costs of \$64,609	489,354	-	-	-	-	-	489,354
Total Public Support	4,469,190	-	-	-	-	-	4,469,190
REVENUE AND INVESTMENT RETURNS							
Program Service Fee	95,049,436	-	-	-	-	-	95,049,436
Government Grant Income	712,121	-	-	-	-	-	712,121
Grant Revenue from COVID Relief Acts - See Note 21	3,118,507	-	-	-	-	-	3,118,507
Rental and Other Income	114,345	-	-	619,045	256,004	(770,319)	219,075
Interest and Other Income	440,288	0	50,469	32	21	(22,869)	467,941
Net Income from Affiliates	22,928,390	-	-	-	-	(22,928,390)	-
Mineral and Real Estate Properties, Net	-	10,059,966	-	-	-	-	10,059,966
Investment Income, Net	-	673,028	-	-	-	-	673,028
Realized and Unrealized Gains(Losses) on Investments, Net	-	12,853,050	-	-	-	-	12,853,050
Realized Gain (Loss) on Disposition, Net	3,420	-	-	-	-	-	3,420
Changes in Value of Beneficial Interest in Trust Assets	1,619,106	-	-	-	-	-	1,619,106
Total Revenue and Investment Returns	123,985,613	23,586,044	50,469	619,077	256,025	(23,721,578)	124,775,650
Total Public Support, Revenue and Investment Returns	128,454,803	23,586,044	50,469	619,077	256,025	(23,721,578)	129,244,840
EXPENSES							
Program Services	105,314,510	-	276,317	107,411	191,835	(770,318)	105,119,755
General and Administrative	12,004,637	1,099	340,874	476,276	100,817	(22,869)	12,900,834
Fundraising	1,365,892	-	-	88,596	-	-	1,454,488
Total Expenses	118,685,039	1,099	617,191	672,283	292,652	(793,187)	119,475,077
CHANGE IN NET ASSETS	9,769,764	23,584,945	(566,722)	(53,206)	(36,627)	(22,928,391)	9,769,763
Net Assets - Beginning of Year	147,352,755	104,629,462	10,153,209	(459,861)	375,681	(114,446,990)	147,604,256
Property Transfers Between ACH and Affiliates	-	-	-	-	-	-	-
Distributions Between ACH and Affiliates	-	(9,619,884)	(105,200)	(104,731)	(125,000)	9,954,815	-
NET ASSETS - END OF YEAR	<u>\$ 157,122,519</u>	<u>\$ 118,594,523</u>	<u>\$ 9,481,287</u>	<u>\$ (617,798)</u>	<u>\$ 214,054</u>	<u>\$ (127,420,566)</u>	<u>\$ 157,374,019</u>