

CHILDREN'S ALLIANCE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020)



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**CHILDREN'S ALLIANCE
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YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Children's Alliance
Seattle, Washington

We have audited the accompanying financial statements of Children's Alliance (a Washington nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Alliance as of June 30, 2021, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Children's Alliance's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 18, 2021

CHILDREN'S ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,105,563	\$ 681,332
Pledges and Grants Receivable, Net of Allowance	244,819	222,796
Contracts and Other Receivables	-	6,180
Prepaid Expenses and Deposits	14,119	10,571
Total Current Assets	1,364,501	920,879
FIXED ASSETS		
Furniture and Equipment	31,001	80,057
Leasehold Improvements	-	111,222
Capital Leases	27,222	-
Less: Accumulated Depreciation and Amortization	(25,017)	(148,173)
Total Fixed Assets	33,206	43,106
OTHER NONCURRENT ASSETS		
Security Deposit	-	11,000
Pledges and Grants Receivable, Net of Current Portion	100,000	300,000
Total Noncurrent Assets	100,000	311,000
Total Assets	\$ 1,497,707	\$ 1,274,985
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 44,179	\$ 128,254
Payroll Taxes and Benefits Payable	739	2,918
Accrued Vacation Payable	30,000	30,000
Total Current Liabilities	74,918	161,172
NONCURRENT LIABILITIES		
Note Payable	103,532	202,640
Capital Lease Payable	21,778	27,222
Total Liabilities	125,310	229,862
NET ASSETS		
Without Donor Restrictions	461,479	252,151
With Donor Restrictions	836,000	631,800
Total Net Assets	1,297,479	883,951
Total Liabilities and Net Assets	\$ 1,497,707	\$ 1,274,985

See accompanying Notes to Financial Statements.

**CHILDREN'S ALLIANCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
REVENUE, SUPPORT, AND GAINS				
Event Revenue	\$ 81,275	\$ -	\$ 81,275	\$ 34,655
Grants, Corporate and Foundation	599,000	636,000	1,235,000	1,257,369
Contributions	141,257	-	141,257	61,716
Organizational Membership Dues	22,562	-	22,562	14,503
PPP Loan Forgiveness	202,640	-	202,640	-
Other Income	2,126	-	2,126	3,687
Net Assets Released from Restrictions	431,800	(431,800)	-	-
Total Revenue, Support, and Gains	<u>1,480,660</u>	<u>204,200</u>	<u>1,684,860</u>	<u>1,371,930</u>
EXPENSES				
Program Services	814,177	-	814,177	1,330,511
Administration	279,965	-	279,965	356,312
Fundraising	177,190	-	177,190	166,501
Total Expenses	<u>1,271,332</u>	<u>-</u>	<u>1,271,332</u>	<u>1,853,324</u>
CHANGE IN NET ASSETS	209,328	204,200	413,528	(481,394)
Net Assets - Beginning of Year	<u>252,151</u>	<u>631,800</u>	<u>883,951</u>	<u>1,365,345</u>
NET ASSETS - END OF YEAR	<u><u>\$ 461,479</u></u>	<u><u>\$ 836,000</u></u>	<u><u>\$ 1,297,479</u></u>	<u><u>\$ 883,951</u></u>

See accompanying Notes to Financial Statements.

CHILDREN'S ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services	Support Services		Total 2021	Total 2020
		Administration	Fundraising		
Salaries and Wages	\$ 362,352	\$ 150,862	\$ 140,054	\$ 653,268	\$ 911,617
Payroll Taxes	28,402	16,477	9,563	54,442	76,068
Employee Benefits	40,517	6,177	12,925	59,619	93,323
Total Salaries and Related Expenses	<u>431,271</u>	<u>173,516</u>	<u>162,542</u>	<u>767,329</u>	<u>1,081,008</u>
Staff Travel	126	161	-	287	22,095
Telephone and Communication	2,037	2,389	585	5,011	7,499
Information Technology	4,148	27,367	-	31,515	34,264
Printing	239	-	1,126	1,365	11,222
Postage	-	309	369	678	992
Rent and Utilities, Net	25,203	23,829	5,188	54,220	158,320
Contract Services	341,744	6,197	100	348,041	415,515
Professional Fees	-	22,333	-	22,333	16,359
Supplies	290	1,542	283	2,115	9,390
Dues and Subscriptions	420	3,315	-	3,735	4,631
Conferences, Events and Meetings	-	266	-	266	54,996
Staff Training	-	458	-	458	1,423
Advertising	1,320	100	-	1,420	1,188
Contributions and Awards	-	-	-	-	1,150
Insurance and Bonding	-	11,654	-	11,654	11,330
Depreciation and Amortization	7,255	3,628	3,628	14,511	8,179
Other Expenses	124	2,901	3,369	6,394	13,763
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses by Function	<u>\$ 814,177</u>	<u>\$ 279,965</u>	<u>\$ 177,190</u>	<u>\$ 1,271,332</u>	<u>\$ 1,853,324</u>

See accompanying Notes to Financial Statements.

CHILDREN'S ALLIANCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 413,528	\$ (481,394)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	14,511	8,179
Forgiveness of Note Payable	(202,640)	-
Changes in Operating Assets and Liabilities:		
Contracts and Other Receivables	6,180	(6,180)
Pledges and Grants Receivable, Net	177,977	100,823
Prepaid Expenses and Deposits	7,452	19,245
Accounts Payable	(84,075)	77,818
Payroll Taxes and Benefits Payable	(2,179)	(374)
Lease Payable	(5,444)	-
Accrued Vacation Payable	-	(7,905)
Net Cash Provided (Used) by Operating Activities	<u>325,310</u>	<u>(289,788)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	(4,611)	(11,996)
Net Cash Used by Investing Activities	<u>(4,611)</u>	<u>(11,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	103,532	202,640
Cash Provided by Financing Activities	<u>103,532</u>	<u>202,640</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	424,231	(99,144)
Cash and Cash Equivalents - Beginning of Year	<u>681,332</u>	<u>780,476</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,105,563</u>	<u>\$ 681,332</u>

See accompanying Notes to Financial Statements.

**CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Children's Alliance (the Alliance) is a Washington nonprofit corporation whose purpose is to advance fair and just public policy for children and families in the state of Washington. To this end, the Alliance works collaboratively to promote the development and preservation of laws, policies, and programs that support children and families, and to promote awareness of the needs and circumstances of children.

Basis of Accounting

The financial statements of the Alliance have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Alliance considers highly liquid investments with maturities of three months or less to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible accounts by adjustment to a valuation allowance based on its assessment of the current status of individual receivables from pledges and grants. The allowance is an estimate based on past experience. It is the Alliance's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Furniture, Equipment, and Leasehold Improvements

Furniture, equipment, and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Purchases and improvements over \$500 are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over estimated lives of 3 to 5 years. Leasehold improvements are amortized over the remaining term of the lease (see Note 8).

In-Kind Donations

In-kind donations are recorded at their estimated fair market values at the date of donation.

The Alliance recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not provided by donation.

CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Totals

The financial information includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Alliance's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries are allocated based on the time estimated to have been devoted to each service. Other expenses are allocated on the basis of specific identification and on the basis of the allocated salaries.

CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses (Continued)

The services are defined as follows:

Program Services – Expenses incurred in carrying on activities, conferences, and programs.

Administration – Expenses associated with the overall direction of the organization, the provision of accounting services, and office and systems support.

Fundraising – Expenses associated with solicitation of operating funds from individuals and organizations, and related record keeping.

Income Tax

The Alliance is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). It is not a private foundation within the meaning of Section 509(a) of the IRC because it is an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi). The Alliance's income tax filings are subject to examination by various taxing authorities. The Alliance believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give at June 30, 2021.

Subsequent Events

We have evaluated subsequent events through November 18, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 1,105,563
Pledges and Grants Receivable	244,819
Less: Donor Restricted Funds	<u>(836,000)</u>
Total	<u><u>\$ 514,382</u></u>

As part of the Alliance's liquidity management plan, the Alliance invests cash in excess of daily requirements in money market funds.

**CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the Passage of Time:	
General Operations Support	\$ 631,000
Subject to the Purpose:	
Program Activities	<u>205,000</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 836,000</u></u>

NOTE 4 PLEDGES AND GRANTS RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. Pledges and grants, both with and without donor restrictions, expected to be collected within one year, are recorded at their net realizable value and are shown net of an allowance for doubtful accounts of \$4,000 at June 30, 2021. Pledges and grants that are expected to be collected in greater than one year are recorded at the present value of estimated cash flows, which approximates fair value. No discount was recorded in the current fiscal year, as the amount was immaterial.

Pledges and grants receivable are expected to be realized in the following time frame:

Less than One Year	\$ 248,819
More than One Year	100,000
Less: Allowance for Doubtful Accounts	<u>(4,000)</u>
Total	<u><u>\$ 344,819</u></u>

NOTE 5 PENSION PLAN

The Alliance maintains a simplified employee pension plan covering all permanent employees. The employer contributes to the pension plan within the limits of available funds. No contributions were made during the year ended June 30, 2021.

NOTE 6 CONCENTRATIONS OF RISK

The Alliance maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. At June 30, 2021, there was no cash in excess of insured limits. The Alliance has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

In fiscal year 2021, total awards from five grantors represented 63% of revenue and support.

CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 PAYROLL PROTECTION PROGRAM

On April 5, 2020, the Alliance was awarded a loan of \$202,640 under the U.S. Small Business Administration's Paycheck Protection Program (PPP). A loan restriction required the Alliance to use at least 60% of the funds for payroll expenses and the remaining amount for designated overhead expenses within a designated period of time. The loan was forgiven on June 21, 2021, and the Alliance recorded the entire amount as revenue as of June 30, 2021.

The U.S. Small Business Administration 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 Alliance's financial position.

On April 28, 2021, the Alliance received a second loan from KeyBank in the amount of \$103,532 to fund payroll through the Paycheck Protection Program. The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of five 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 Alliance fails to apply for forgiveness within 10 months, 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.

NOTE 8 LEASES

The Alliance leased office space in Seattle with a current base rate of \$11,539 per month and a pro rata share of operating expenses of the building. The lease term expired in September 2020. The Alliance also paid rent for monthly parking based on the number of stalls rented. The Alliance had a security deposit with the lessor of \$11,000. As of September 30, 2020, the Alliance was no longer renting a physical building or paying for parking.

The Alliance leases equipment at \$454 per month. The lease expires June 2025.

Total rental expenses for these leases in fiscal year 2020 were \$48,553. Future minimum payments under the leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 5,444
2023	5,444
2024	5,444
2025	5,444
Total	<u>\$ 21,776</u>

CHILDREN'S ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustments by the grantor agency. Any disallowed cost, including amounts already collected, may constitute a liability for the Alliance. The amounts, if any, of expenditures which may be disallowed by the grantor are recorded at the time that such amounts can be reasonably determined, normally upon notification of the granting agency. During the year ended June 30, 2021, no such adjustments were made.

NOTE 10 RISKS AND UNCERTAINTIES

The Alliance's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Multiple jurisdictions in the U.S. have declared a state of emergency, and it is anticipated that resulting impacts will continue for some time. Future impacts may include increased costs due to changes in the operating environment to accommodate the need for social distancing. The future effects of these issues are unknown.

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