



The Concilio

**Financial Statements
December 31, 2020 and 2019**

The Concilio

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Independent Auditors' Report

Board of Directors
The Concilio

We have audited the accompanying financial statements of The Concilio (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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 error or fraud.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Concilio as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
July 15, 2021

The Concilio
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 1,104,788	\$ 980,207
Pledges receivable, net	500	154,139
Accounts receivable	-	4,696
Grants receivable	303,670	49,406
Prepaid expenses	60,365	74,384
Total current assets	1,469,323	1,262,832
Property and equipment, net	139,861	147,399
Total assets	\$ 1,609,184	\$ 1,410,231
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 92,330	\$ 111,943
Paycheck Protection Program loan	210,632	-
Deferred rent	60,196	-
Total liabilities	363,158	111,943
Net assets:		
Without donor restrictions	861,026	898,288
With donor restrictions	385,000	400,000
Total net assets	1,246,026	1,298,288
Total liabilities and net assets	\$ 1,609,184	\$ 1,410,231

See notes to financial statements.

The Concilio
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and public support:			
Grants	\$ 826,444	\$ 655,125	\$ 1,481,569
Contributions	70,557	-	70,557
Program service fees	529,392	-	529,392
In-kind contributions	2,115	-	2,115
Net assets released from restrictions	670,125	(670,125)	-
Total revenue and public support	2,098,633	(15,000)	2,083,633
Expenses:			
Program services	1,882,913	-	1,882,913
General and administrative	108,439	-	108,439
Fundraising	144,543	-	144,543
Total expenses	2,135,895	-	2,135,895
Change in net assets	(37,262)	(15,000)	(52,262)
Net assets at beginning of year	898,288	400,000	1,298,288
Net assets at end of year	<u>\$ 861,026</u>	<u>\$ 385,000</u>	<u>\$ 1,246,026</u>

See notes to financial statements.

The Concilio
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and public support:			
Grants	\$ 1,364,225	\$ 580,000	\$ 1,944,225
Contributions	178,304	30,000	208,304
Program service fees	310,443	-	310,443
In-kind contributions	187,072	-	187,072
Net assets released from restrictions	210,000	(210,000)	-
Total revenue and public support	2,250,044	400,000	2,650,044
Expenses:			
Program services	1,791,295	-	1,791,295
General and administrative	119,788	-	119,788
Fundraising	106,264	-	106,264
Total expenses	2,017,347	-	2,017,347
Change in net assets	232,697	400,000	632,697
Net assets at beginning of year	665,591	-	665,591
Net assets at end of year	\$ 898,288	\$ 400,000	\$ 1,298,288

See notes to financial statements.

The Concilio
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			General and Administrative	Fundraising	Total
	Community Health	Education	Total			
Wages and payroll taxes	\$ 262,891	\$ 872,653	\$ 1,135,544	\$ 47,132	\$ 78,183	\$ 1,260,859
Other employee benefits	27,447	85,891	113,338	6,234	7,440	127,012
Total payroll expense	290,338	958,544	1,248,882	53,366	85,623	1,387,871
Contract services	34,555	65,342	99,897	2,650	22,008	124,555
Professional fees	8,418	19,729	28,147	20,215	1,428	49,790
Supplies	9,455	13,896	23,351	4,882	336	28,569
Transportation	2,581	9,554	12,135	920	651	13,706
Travel	-	2,075	2,075	31	-	2,106
Meetings/events	2,333	5,485	7,818	1,005	64	8,887
Program elements	53,363	138,223	191,586	280	3,391	195,257
Grants/gifts/other assistance	139	75,300	75,439	-	481	75,920
Marketing/communication	2,030	12,634	14,664	1,479	19,238	35,381
Shipping/delivery	12	93	105	67	401	573
Occupancy	21,915	73,464	95,379	6,039	7,062	108,480
Equipment	4,308	13,529	17,837	1,203	1,099	20,139
Telephone	3,795	10,306	14,101	1,402	495	15,998
Insurance	7,673	7,273	14,946	11,238	696	26,880
Depreciation	6,034	16,356	22,390	2,008	1,366	25,764
In-kind	2,115	-	2,115	-	-	2,115
Other expenses	4,119	7,927	12,046	1,654	204	13,904
Total expenses	\$ 453,183	\$ 1,429,730	\$ 1,882,913	\$ 108,439	\$ 144,543	\$ 2,135,895

See notes to financial statements.

The Concilio
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services			General and Administrative	Fundraising	Total
	Community Health	Education	Total			
Wages and payroll taxes	\$ 271,031	\$ 713,633	\$ 984,664	\$ 55,641	\$ 50,405	\$ 1,090,710
Other employee benefits	53,299	143,561	196,860	13,472	10,615	220,947
Total payroll expense	324,330	857,194	1,181,524	69,113	61,020	1,311,657
Contract services	14,778	34,025	48,803	2,312	4,891	56,006
Professional fees	7,660	22,598	30,258	18,424	6,448	55,130
Supplies	913	3,623	4,536	4,028	500	9,064
Transportation	9,781	20,649	30,430	721	273	31,424
Travel	4,714	15,263	19,977	163	-	20,140
Meetings/events	3,844	8,473	12,317	2,632	25,961	40,910
Program elements	24,875	119,459	144,334	263	130	144,727
Grants/gifts/other assistance	-	8,750	8,750	-	-	8,750
Marketing/communication	2,652	2,558	5,210	102	1,020	6,332
Shipping/delivery	14	1,799	1,813	27	246	2,086
Occupancy	18,625	49,804	68,429	6,613	3,767	78,809
Equipment	6,704	16,358	23,062	1,271	1,078	25,411
Telephone	2,046	6,384	8,430	1,731	426	10,587
Insurance	3,248	7,986	11,234	7,075	374	18,683
Depreciation	574	1,556	2,130	191	130	2,451
In-kind	125,572	61,000	186,572	500	-	187,072
Other expenses	1,085	2,401	3,486	4,622	-	8,108
Total expenses	\$ 551,415	\$ 1,239,880	\$ 1,791,295	\$ 119,788	\$ 106,264	\$ 2,017,347

See notes to financial statements.

The Concilio
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (52,262)	\$ 632,697
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,764	2,451
Allowance for pledges receivable	-	(5,000)
Changes in assets and liabilities:		
Pledges receivable	153,639	(144,639)
Accounts receivable	4,696	35,804
Grants receivable	(254,264)	16,092
Prepaid expenses	14,019	(74,384)
Accounts payable and accrued liabilities	(19,613)	64,377
Deferred rent	60,196	-
Net cash provided by operating activities	(67,825)	527,398
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	210,632	-
Cash flows from investing activities:		
Purchases of property and equipment	(18,226)	(143,731)
Net increase in cash	124,581	383,667
Cash at beginning of year	980,207	596,540
Cash at end of year	\$ 1,104,788	\$ 980,207

See notes to financial statements.

The Concilio

Notes to Financial Statements

1. Organization

The Concilio (Organization) began as the Dallas Concilio of Hispanic Service Organizations and in 2010 changed its name to The Concilio. Founded in 1981 to fill the role of collaborative partner in response to the needs of an emerging Hispanic population, the Organization educated nonprofits and other agencies on effectively reaching this growing demographic. For 35 years, The Concilio has specialized in outreach to the Hispanic community, as well as actively working with other effective, existing local agencies. Today, the Organization provides direct services that fulfill its mission to build stronger communities by empowering parents to improve the education and health of their families. The Organization is primarily supported by contributions and grants from individuals, corporations and other nonprofit organizations.

The Organization fulfills its mission through the following programs generally related to education, health and community action:

Education: The Organization seeks to help the whole family understand the importance of education through the following programs:

- *Parents Advocating for Student Excellence (PASE)* is a nine-week curriculum for parents with children in elementary, middle and high school. The curriculum improves educational achievement by teaching parents their roles and responsibilities with regard to their children's education.
- *Parents As Leaders (PAL)* is a 30-week curriculum developed for parents of pre-kindergarten level children. PAL helps parents understand that they are the most important teacher, role model and leader in their children's lives.
- *Leadership* is an additional curriculum to any of the previous curricula.

Health: The Organization connects communities with health resources and educates them on the importance of preventative care.

The following projects are part of the Community Health program:

- The Organization assists persons with applying for food and medical assistance online at YourTexasBenefits.com.
- *Healthy Kids, Healthy Families* is a nine-week program generating lasting changes in health behavior for parents and their children.
- *Comprando Rico y Sano* is an educational program created by the National Council of La Raza's Institute for Hispanic Health to increase healthy and nutritious shopping.

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Notes to Financial Statements

Community Action: The Concilio's *Community Action Network* (CAN), assists in building whole communities in which families take ownership as the leaders and decision makers. CAN has established a unique model in which the parent leaders of the program are seated at the decision-making table and have been fully integrated into all levels of development, planning and implementation of each project and activity during CAN class time.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (GAAP). The more significant accounting policies of the Organization are described below.

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting.

Financial Statement Presentation

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

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board of directors approved spending policy. As of December 31, 2020 and 2019, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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Notes to Financial Statements

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, pledges receivable, accounts receivable and grants receivable. Cash is placed with high credit quality financial institutions to minimize risk. Accounts, pledges and grants receivable are unsecured and are due from various donors and partner agencies. The Organization continually evaluates the collectability of accounts, pledges, and grants receivable and maintains allowances for potential losses, if considered necessary. The allowance for doubtful accounts was \$2,500 as of December 31, 2020 and 2019.

The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 the Organization had uninsured balances totaling \$844,535.

Pledges, Grants and Accounts Receivable

Pledges receivable are recorded at the estimated fair value when received, grants receivable are recorded based on the terms of the grant agreement and accounts receivable are generally recorded at the contracted amount for services performed.

Concentration of Contributions

At December 31, 2020, balances due from four grantors totaled 93% of grants receivable, and balances due from one donor totaled 100% of pledges receivable. At December 31, 2019, balances due from three grantors totaled 100% of grants receivable, and balances due from two donors totaled 96% of pledges receivable. For the year ended December 31, 2020, 16% of contributions were from one donor. No such concentration existed for the year ended December 31, 2019.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets. Depreciation of leasehold improvements is calculated using the straight line method based upon the shorter of the life of the assets or the lease term. The cost of maintenance and repairs is charged to expense as incurred.

Deferred Rent

The Organization records rental revenue on a straight-line basis over the term of the lease agreement. The difference between payments received and rental income is reflected as deferred rent.

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Notes to Financial Statements

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. As of December 31, 2020, the Organization had a conditional promise to give totaling \$112,500 to be received over the next 18 months dependent on the success of the grantor’s fundraising efforts.

Revenue for program fees is recognized at the time the program related services are provided.

Donated goods are reflected as contributions at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or required specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Federal Income Taxes

The Organization is recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization’s exempt purposes is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of December 31, 2020 and 2019. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization’s tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

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Notes to Financial Statements

Allocation of Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions. Supplies, shipping/delivery, occupancy, equipment, telephone, insurance and other expenses are allocated based on usage and square footage. All other expenses are allocated on the basis of estimates of time and effort.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Estimates and Assumptions

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

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Notes to Financial Statements

3. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 52,194	\$ 52,194
Office equipment	88,440	71,640
Computer equipment	49,570	48,144
Less: accumulated depreciation	<u>(50,343)</u>	<u>(24,579)</u>
	<u>\$ 139,861</u>	<u>\$ 147,399</u>

Depreciation expense totaled \$25,764 and \$2,451 for the years ended December 31, 2020 and 2019, respectively.

4. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Education - LENA	\$ -	\$ 30,000
Education - PASE	25,000	100,000
Fort Worth ISD parent engagement	135,000	25,000
Family Resource Center	-	200,000
Headquarters relocation	-	25,000
Health programming	225,000	-
Financial empowerment network	<u>-</u>	<u>20,000</u>
	<u>\$ 385,000</u>	<u>\$ 400,000</u>

5. In-Kind Contributions

The Organization received the following in-kind donations for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Donated goods	\$ 2,115	\$ 101,780
Donated services	<u>-</u>	<u>85,292</u>
	<u>\$ 2,115</u>	<u>\$ 187,072</u>

For the year ended December 31, 2020, donated goods consisted of client supplies. For the year ended December 31, 2019, these contributions consist primarily of professional medical goods and services provided during the Organization's annual health care event.

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Notes to Financial Statements

6. Leases

The Organization leases office space and office equipment under non-cancellable leases which require minimum annual rentals. Future minimum rental obligations are as follows for the years ended December 31:

2021	\$ 88,985
2022	94,650
2023	95,550
2024	98,150
2025	100,750
Thereafter	456,950

Lease expense totaled \$109,256 and \$83,861 for the years ended December 31, 2020 and 2019, respectively.

7. Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure within one year as of December 31:

	2020	2019
Cash	\$ 1,104,788	\$ 980,207
Pledges receivable, net	500	154,139
Accounts receivable	-	4,696
Grants receivable	303,670	49,406
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,408,958	\$ 1,188,448

The Organization receives significant contributions and unconditional promises to give each year from donors, which are available to meet annual cash needs for general expenditures. The Organization strives to maintain liquid financial assets sufficient to cover 90 days general expenditures. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity monthly and quarterly. During the years ended December 31, 2020 and 2019, the level of liquidity was managed within the Organization's expectations.

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Notes to Financial Statements

8. Concentration and Risks

The Organization primarily serves the greater Dallas, Texas area and derives its revenue from program income and contributions, including grants. Continued funding from these sources, at current levels, is dependent upon various factors. Such factors include economic conditions in the area, new legislation, donor satisfaction and public perception of mission effectiveness and relative importance.

9. Related Party Transactions

During the years ended December 31, 2020, the Organization received no contributions from board members. During December 31, 2019, the Organization received contributions from board members totaling \$15,255. Additionally, at December 31, 2020 and 2019, pledges receivable totaling \$500 and \$3,789, respectively, were due from board members.

10. Retirement Plan

The Organization initiated a defined contribution plan for their leased employees effective March 1, 2008. All employees 21 years or older with 1,000 hours of service are eligible. The Organization provides a discretionary matching contribution based on the amount of the employee's pre-tax and/or after-tax Roth contributions. The Organization's matching contribution is dollar for dollar up to the first 3% of compensation. The Organization contributed matching funds of \$5,951 and \$15,841 during the years ended December 31, 2020 and 2019, respectively, to the plan.

11. COVID-19 and Paycheck Protection Program Loan

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and recommended containment and mitigation measures. The coronavirus outbreak has severely restricted the level of economic activity around the world. The Organization has adjusted operational plants to protect the employees and individuals served while still meeting client needs for essential services. The Organization continues to closely monitor the impact of COVID-19. Given the uncertainty of the spread and the duration of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

In April 2020, the Organization received loan proceeds in the amount of \$210,632 from a financial institution under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Organization maintains its payroll levels.

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The loan requires monthly payments of principal and interest at 1.00% starting in 2021. The CARES Act loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Organization maintains its payroll levels. The Organization is seeking loan forgiveness of the full loan amount in accordance with Small Business Administration (SBA) guidelines pursuant to the CARES Act. While the Organization believes that its use of the loan meets the conditions for forgiveness, there is no assurance that the loan will be forgiven, in whole or in part. Repayment terms will be adjusted once the lending institution has processed the loan forgiveness application and determined the final loan amount. If the loan is not forgiven, \$210,632 will be due in 2021.

12. Subsequent Events

On May 19, 2021, the Organization received an additional PPP loan in the amount of \$230,685.

The Organization evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.