THE CONCILIO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2021 and 2020

GOLDEN, REDD
& COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Concilio

We have audited the accompanying financial statements of The Concilio (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements as of and for the year ending December 31, 2020 were not audited by us. Those financials statements were audited by other auditors whose report has been furnished to us.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of The Concilio 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Concilio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Concilio's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt abouts The Concilio's ability to continue as a going concern for a reasonable period of time.

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

Golden, Redd & Company, LLC

Dallas, Texas
August 24, 2022

THE CONCILIO
STATEMENT OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 1,264,352	$ 1,104,788
Pledges, grants and accounts receivable	877,100	304,170
Prepaid expenses	49,915	60,365
Total current assets	2,191,367	1,469,323
Property and equipment, net	127,417	139,861
Total assets	$ 2,318,784	$ 1,609,184
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 208,698	$ 92,330
Paycheck Protection Program Loan	230,685	210,632
Deferred rent	74,242	60,196
Total current liabilities	513,625	363,158
Net assets:		
Without donor restrictions	595,559	861,026
With donor restrictions	1,209,600	385,000
Total net assets	1,805,159	1,246,026
Total liabilities and net assets	$ 2,318,784	$ 1,609,184

See accompanying notes.

THE CONCILIO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Grants	$ 514,956	$ 1,553,300	$ 2,068,256
Contributions	342,529	-	342,529
Program service fees	829,354	-	829,354
In-kind contributions	375	-	375
Gain/ Loss on Sale of Assets	(1,009)	-	(1,009)
Net assets released from restrictions	728,700	(728,700)	-
Total revenues and support	2,414,905	824,600	3,239,505
Expenses:			
Program services	2,408,791	-	2,408,791
General and administrative	141,756	-	141,756
Fundraising	129,825	-	129,825
Total expenses	2,680,372	-	2,680,372
Change in net assets	(265,467)	824,600	559,133
Net assets at beginning of year	861,026	385,000	1,246,026
Net assets at end of year	$ 595,559	$ 1,209,600	$ 1,805,159

See accompanying notes.

THE CONCILIO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and 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 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	$ 861,026	$ 385,000	$ 1,246,026

See accompanying notes.

THE CONCILIO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services						
	Community Health	Education	Latino Equity	Total	General and Administrative	Fundraising	Total
Contract services	$ 29,691	$ 50,816	$ 80,240	$ 160,747	$ 5,821	$ 37,953	$ 204,521
Depreciation	6,289	4,502	12,269	23,060	2,096	1,048	26,205
Equipment expense	3,081	7,093	7,908	18,082	735	736	19,553
Grants/ gifts and other assistance	-	100	380,020	380,120	-	-	380,120
In- Kind	-	-	-	-	-	375	375
Insurance	772	1,742	4,613	7,127	15,349	171	22,647
Interest\ Taxes\ Penalties	-	-	-	-	7,125	-	7,125
Marketing and communications	11,621	9,200	28,866	49,687	917	9,812	60,415
Meetings and events	3,046	3,948	21,789	28,783	2,960	2,868	34,610
Occupancy	20,741	47,202	33,232	101,175	5,041	5,227	111,443
Other expenses	1,685	1,558	1,659	4,902	4,873	200	9,974
Personnel	258,784	556,454	574,157	1,389,396	75,736	63,259	1,528,390
Professional fees	3,192	7,695	6,455	17,342	16,158	1,185	34,685
Program elements	24,264	69,046	96,141	189,451	1,469	5,590	196,511
Shipping and delivery	392	132	511	1,035	116	-	1,151
Supplies	845	3,286	1,140	5,271	2,026	192	7,489
Telephone	3,847	5,566	5,410	14,823	1,220	748	16,792
Transportation	1,567	3,437	7,052	12,056	114	461	12,631
Travel	-	-	5,734	5,734	-	-	5,734
Total expenses	$ 369,819	$ 771,777	$ 1,267,196	$ 2,408,791	$ 141,756	129,825	$ 2,680,372

See accompanying notes.

THE CONCILIO

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

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

See accompanying notes.

THE CONCILIO
STATEMENT OF CASH FLOWS
For the Year End December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 559,133	$ (52,262)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	26,205	25,764
Loss of disposal of equipment	1,009	-
Cancellation of Paycheck Protection Program debt	(210,632)	-
Net change in operating assets and liabilities:		
Pledges receivable		153,639
Accounts receivable	500	4,696
Grants receivable	(573,430)	(254,264)
Prepaid expenses	10,450	14,019
Accounts payable and accrued liabilities	116,368	(19,613)
Deferred rent	14,046	60,196
Net cash used in operating activities	(56,351)	(67,825)
Cash flows from investing activities:		
Security deposits	0	
Purchases of property and equipment	(14,770)	(18,226)
Net cash used in investing activities	(14,770)	(18,226)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loan	230,685	210,632
Net cash provided by financing activities	230,685	210,632
Net increase in cash	159,564	124,581
Cash at beginning of year	1,104,788	980,207
Cash at end of year	$ 1,264,352	$ 1,104,788

See accompanying notes.

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 LaRaza's Institute for Hispanic Health to increase healthy and nutritious shopping.

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 31,2021 and 2020, 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.

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, 2021 and 2020.

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, 2021 the Organization had uninsured balances totaling $992,457.

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, 2021, balances due from two grantors totaled approximately 63% of pledges, grants and accounts receivable. At December 31, 2020, balances due from four grantors totaled 93% of pledges, grants, and accounts receivable.

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 expense is reflected as deferred rent.

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.

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, 2021 and 2020. 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, 2021 and 2020, 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.

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.

3. Property and equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Leasehold improvements	$ 52,194	$ 52,194
Office equipment	86,789	88,440
Computer equipment	42,976	49,570
Less: accumulated depreciation	(54,542)	(50,343)
	$ 127,417	$ 139,861

4. Net Assets With Donor Restrictions

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

	2021	2020
Education - LENA	$ 60,000	$ -
Education - PASE	310,000	25,000
General	72,600	-
Fort Worth ISD parent engagements	-	135,000
Health programming and outreach	767,000	225,000
Total	$ 1,209,600	$ 385,000

5. Contributed Goods and Services

The Organization received and recognized $375 and $2,115 in contributed goods and services during 2021 and 2020, respectively. In addition, individuals may volunteer their time and perform a variety of tasks that assist the Organization but these services do not meet the criteria for recognition as contributed services.

6. 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:

	2021	2020
Cash	$ 1,264,352	$ 1,104,788
Pledges, grants and accounts receivables, net	877,100	304,170
Total	$ 2,141,452	$ 1,408,958

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, 2021 and 2020, the level of liquidity was managed within the Organization's expectations.

7. Leases

The Organization leases 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:

2022	$	94,650
2023		95,550
2024		98,150
2025		100,750
2026		103,350
Thereafter		353,600

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

The Organization received contributions from board members totaling $41,724 and $22,443 during the years ended December 31, 2021 and 2020, respectively.

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 $15,976 and $5,951 during the years ended December 31, 2021 and 2020, respectively, to the plan.

11. COVID-19 and Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the mount 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. The Organization used qualified expenditures under the program to qualify for debt cancellation. The loan was sully forgiven by the SBA in October 2021. The revenue from debt extinguishment is included in contributions revenue in the statement of activities.

In May 2021, the Organization applied for and was approved for a second draw PPP loan for $230,685. The loan will be forgiven if the Organization utilizes at least 60% of the funds for payroll and related costs and maintains employment and wage levels during the coverage period in accordance with SBA requirements.

12. Subsequent Events

In April 2022, the Organization's second draw PPP loan in the amount of $230,685 was forgiven by the SBA.

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