

Bay Area Turning Point, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2022 and 2021

Bay Area Turning Point, Inc.

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Independent Auditors' Report

To the Board of Directors of
Bay Area Turning Point, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bay Area Turning Point, Inc., which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bay Area Turning Point, Inc. as of December 31, 2022, 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.

Prior Year Independent Auditors' Report

The financial statements of Bay Area Turning Point, Inc. as of December 31, 2021 and for the year then ended were audited by other auditors whose report dated October 19, 2022 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bay Area Turning Point, Inc. 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 Bay Area Turning Point, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 generally accepted auditing standards 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 financial statements.

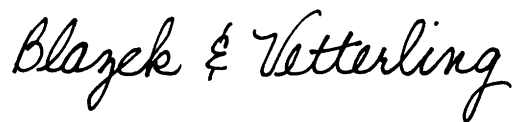
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Bay Area Turning Point, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Area Turning Point, Inc.'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.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023 on our consideration of Bay Area Turning Point, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bay Area Turning Point, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay Area Turning Point, Inc.'s internal control over financial reporting and compliance.



September 8, 2023

Bay Area Turning Point, Inc.

Statements of Financial Position as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 643,297	\$ 472,587
Contributions receivable <i>(Note 4)</i>	717,597	527,107
Prepaid expenses and other assets	21,068	4,999
Investments <i>(Note 5)</i>	282,513	414,123
Property and equipment, net <i>(Note 6)</i>	<u>1,368,264</u>	<u>1,438,972</u>
TOTAL ASSETS	<u>\$ 3,032,739</u>	<u>\$ 2,857,788</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 116,389	\$ 86,842
Refundable advances – government grants	95,196	
Note payable <i>(Note 7)</i>		<u>35,120</u>
Total liabilities	<u>211,585</u>	<u>121,962</u>
Commitments and contingencies <i>(Note 10)</i>		
Net assets:		
Without donor restrictions <i>(Note 8)</i>	2,588,676	2,652,176
With donor restrictions <i>(Note 9)</i>	<u>232,478</u>	<u>83,650</u>
Total net assets	<u>2,821,154</u>	<u>2,735,826</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,032,739</u>	<u>\$ 2,857,788</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Activities for the year ended December 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants <i>(Note 10)</i>	\$ 2,911,299		\$ 2,911,299
Financial assets	575,524	\$ 100,959	676,483
United Way of Greater Houston allocation	222,981	47,869	270,850
Nonfinancial assets <i>(Note 11)</i>	431,339		431,339
Special events	120,539		120,539
Cost of special event benefits	(32,897)		(32,897)
Net investment return	(25,462)		(25,462)
Other income	14,943		14,943
Total revenue	<u>4,218,266</u>	<u>148,828</u>	<u>4,367,094</u>
EXPENSES:			
Program services:			
Shelter Services	1,510,632		1,510,632
Advocacy and Education – Family Violence	928,500		928,500
Advocacy and Education – Sexual Assault	562,650		562,650
Self-Reliance Program	799,621		799,621
Total program services	3,801,403		3,801,403
Management and general	220,497		220,497
Fundraising	259,866		259,866
Total expenses	<u>4,281,766</u>		<u>4,281,766</u>
CHANGES IN NET ASSETS	(63,500)	148,828	85,328
Net assets, beginning of year	<u>2,652,176</u>	<u>83,650</u>	<u>2,735,826</u>
Net assets, end of year	<u>\$ 2,588,676</u>	<u>\$ 232,478</u>	<u>\$ 2,821,154</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (<i>Note 10</i>)	\$ 2,503,857		\$ 2,503,857
Financial assets	528,301		528,301
United Way of Greater Houston allocation	170,761		170,761
Nonfinancial assets (<i>Note 11</i>)	613,160		613,160
Special events	128,610		128,610
Cost of special event benefits	(34,860)		(34,860)
Net investment return	39,085		39,085
Other income	<u>30,171</u>		<u>30,171</u>
Total revenue	<u>3,979,085</u>		<u>3,979,085</u>
EXPENSES:			
Program services:			
Shelter Services	1,355,310		1,355,310
Advocacy and Education – Family Violence	930,853		930,853
Advocacy and Education – Sexual Assault	418,277		418,277
Self-Reliance Program	<u>656,136</u>		<u>656,136</u>
Total program services	3,360,576		3,360,576
Management and general	264,429		264,429
Fundraising	<u>290,092</u>		<u>290,092</u>
Total expenses	<u>3,915,097</u>		<u>3,915,097</u>
CHANGES IN NET ASSETS	63,988		63,988
Net assets, beginning of year	<u>2,588,188</u>	\$ <u>83,650</u>	<u>2,671,838</u>
Net assets, end of year	<u>\$ 2,652,176</u>	<u>\$ 83,650</u>	<u>\$ 2,735,826</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Functional Expenses for the year ended December 31, 2022

<u>EXPENSES</u>	<u>SHELTER SERVICES</u>	<u>ADVOCACY AND EDUCATION – FAMILY VIOLENCE</u>	<u>ADVOCACY AND EDUCATION – SEXUAL ASSAULT</u>	<u>SELF-RELIANCE PROGRAM</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel	\$ 855,386	\$ 749,667	\$ 470,857	\$ 355,153	\$ 2,431,063	\$ 113,259	\$ 178,266	\$ 2,722,588
Assistance to individuals	365,354	9		417,440	782,803			782,803
Professional fees	37,359	32,372	19,039	9,087	97,857	66,815	51,157	215,829
Rental costs	5,405	78,134	39,296	2,161	124,996	3,215	6,878	135,089
Food and supplies	80,355	4,436	2,793	2,267	89,851	8,567	6,266	104,684
Depreciation	69,166	12,921	6,317	2,193	90,597	3,084	1,300	94,981
Maintenance and repairs	42,387	11,698	4,541	1,849	60,475	2,493	1,067	64,035
Insurance	25,917	13,209	4,553	1,674	45,353	3,630	1,028	50,011
Other	<u>29,303</u>	<u>26,054</u>	<u>15,254</u>	<u>7,797</u>	<u>78,408</u>	<u>19,434</u>	<u>13,904</u>	<u>111,746</u>
Total expenses	<u>\$ 1,510,632</u>	<u>\$ 928,500</u>	<u>\$ 562,650</u>	<u>\$ 799,621</u>	<u>\$ 3,801,403</u>	<u>\$ 220,497</u>	<u>\$ 259,866</u>	4,281,766
Cost of special event benefits								<u>32,897</u>
Total								<u>\$ 4,314,663</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Functional Expenses for the year ended December 31, 2021

<u>EXPENSES</u>	<u>SHELTER SERVICES</u>	<u>ADVOCACY AND EDUCATION – FAMILY VIOLENCE</u>	<u>ADVOCACY AND EDUCATION – SEXUAL ASSAULT</u>	<u>SELF-RELIANCE PROGRAM</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Personnel	\$ 692,769	\$ 645,654	\$ 334,763	\$ 286,100	\$ 1,959,286	\$ 129,216	\$ 168,299	\$ 2,256,801
Assistance to individuals	279,047	109,043		345,255	733,345			733,345
Professional fees	32,090	30,485	19,059	8,529	90,163	56,411	100,000	246,574
Rental costs	5,657	74,538	35,874	1,988	118,057	2,986	5,910	126,953
Food and supplies	149,996	5,707	4,084	2,266	162,053	33,158	1,255	196,466
Depreciation	69,671	12,454	6,280	2,095	90,500	3,833	1,317	95,650
Maintenance and repairs	34,287	5,982	2,439	830	43,538	4,267	590	48,395
Insurance	27,884	11,480	2,661	1,037	43,062	2,367	570	45,999
Other	<u>63,909</u>	<u>35,510</u>	<u>13,117</u>	<u>8,036</u>	<u>120,572</u>	<u>32,191</u>	<u>12,151</u>	<u>164,914</u>
Total expenses	<u>\$ 1,355,310</u>	<u>\$ 930,853</u>	<u>\$ 418,277</u>	<u>\$ 656,136</u>	<u>\$ 3,360,576</u>	<u>\$ 264,429</u>	<u>\$ 290,092</u>	3,915,097
Cost of special event benefits								<u>34,860</u>
Total								<u>\$ 3,949,957</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statements of Cash Flows for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 85,328	\$ 63,988
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	94,981	95,650
Net realized and unrealized (gain) loss on investments	32,091	(27,163)
Changes in operating assets and liabilities:		
Contributions receivable	(190,490)	(5,923)
Prepaid expenses and other assets	(16,069)	27,602
Accounts payable and accrued expenses	29,547	(7,371)
Refundable advances	<u>95,196</u>	<u> </u>
Net cash provided by operating activities	<u>130,584</u>	<u>146,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(24,273)	(22,854)
Proceeds from sale of investments	112,698	8,870
Net change in money market mutual funds held as investments	(209)	
Purchase of investments	<u>(12,970)</u>	<u> </u>
Net cash provided (used) by investing activities	<u>75,246</u>	<u>(13,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of note payable	<u>(35,120)</u>	<u>(77,263)</u>
NET CHANGE IN CASH	170,710	55,536
Cash, beginning of year	<u>472,587</u>	<u>417,051</u>
Cash, end of year	<u>\$ 643,297</u>	<u>\$ 472,587</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Notes to Financial Statements for the years ended December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Bay Area Turning Point, Inc. (BATP) is a Texas non-profit corporation chartered in 1991. BATP's primary mission is to provide crisis intervention, recovery groups, advocacy, and shelter to adults and children who are victims of family violence and/or sexual violence. BATP's geographical target communities include, but are not limited to, Southeast Harris County, Northern Galveston County, Northern Brazoria County, and all of Chambers County. BATP is supported primarily through donor contributions and grants.

Program Services

Shelter Services offers emergency shelter to target populations of adults, children, male, and female, survivors of domestic and/or sexual violence, dating violence, stalking, child abuse, and elder abuse. Shelter services are also extended to their family and friends impacted by the victimization. The Basic Needs Shelter Program is essential to victims of both domestic and sexual violence who are seeking safe refuge from a violent situation. Abuse can include, but is not limited to, the following types: physical abuse, emotional abuse, spiritual oppression, sexual violence, financial abuse, and intimidation.

Advocacy and Education – Family Violence provides advocacy, education, and prevention services regarding family violence to those directly and indirectly impacted through educating and awareness and assisting with their basic needs, crisis intervention, and recovery services. This is done by attending various community resource fairs/exhibits, social club/group meetings, and distributing/posting our literature at churches, schools, shopping centers, hospitals, social media streams, and police departments to name a few. BATP also uses outreach and education as a strategy for reaching the target population or those who may come into contact with our target population.

Advocacy and Education – Sexual Assault provides advocacy, education, and prevention services regarding sexual violence to those directly and indirectly impacted through educating and awareness and assisting with their basic needs, crisis intervention, and recovery services. This is done by attending various community resource fairs/exhibits, social club/group meetings, and distributing/posting our literature at churches, schools, shopping centers, hospitals, social media streams, and police departments to name a few. BATP also uses outreach and education as a strategy for reaching the target population or those who may come into contact with our target population.

Self-Reliance Program provides supportive services beyond basic needs to adult and child survivors of domestic violence and/or sexual assault. Domestic violence is an epidemic, affecting individuals in every community. Domestic violence can include, but is not limited to, physical abuse, emotional abuse, technological abuse, financial abuse, stalking, human trafficking, and intimidation. Sexual assault is any sexual act or attempt to obtain a sexual act by violence or coercion, unwanted sexual comments or advances, acts to traffic a person, or acts directed against a person's sexuality, regardless of the relationship to the victim. Domestic and sexual violence show no preference to age, economic status, race, religion, nationality, sexual orientation, or educational background.

Federal income tax status – BATP is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions and government grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the

allowance at the end of each period is determined using a combination of historical loss experience and a donor-by-donor analysis of balances.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment management and custodial expenses.

Property and equipment are reported at cost, if purchased, or at fair market value at the date of gift, if donated. B ATP capitalizes property and equipment that have a cost or fair value of \$1,000 or greater and an estimated useful life of more than one year. B ATP recognizes depreciation using the straight-line method over the estimated useful lives of the assets ranging from 2 to 39.5 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. However, if a restriction is fulfilled in the same period in which the contribution is received, B ATP reports the contributions and government grants as *net assets without donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before B ATP is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Contributed nonfinancial assets are recognized at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when the event occurs. Amounts received for future events represent conditional contributions and are reported in the statement of financial position as a refundable advance until the event is held. Cost of special event benefits represent the cost of goods and services provided to attendees of special events.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and volunteer time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and rental costs are allocated based upon the related department's estimated salary allocation.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE

BATP adopted the amendments of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2021. Adoption of this ASU expanded the presentation and disclosures related to nonfinancial contributions but did not result in any restatement of net assets or the changes therein.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 643,297	\$ 472,587
Contributions receivable	717,597	527,107
Investments	<u>282,513</u>	<u>414,123</u>
Total financial assets	1,643,407	1,413,817
Less financial assets not available for general expenditure:		
Board-designated operating reserve	(566,988)	(532,115)
Donor-restricted funds not expected to be used within one year	<u>(50,000)</u>	<u>(50,000)</u>
Total financial assets available for general expenditure	<u>\$ 1,026,419</u>	<u>\$ 831,702</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, BATP considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of BATP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due by maintaining a significant portion of its assets in cash. BATP's Board of Directors has designated a portion of its unrestricted resources as a general operating reserve. These funds could be made available for current operations at the Board of Directors' discretion.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	<u>2022</u>	<u>2021</u>
Receivables from government agencies	\$ 619,202	\$ 527,107
Receivables from others	<u>98,395</u>	<u> </u>
Total contributions receivable	<u>\$ 717,597</u>	<u>\$ 527,107</u>

All contributions receivable at December 31, 2022 are expected to be collected within one year.

At December 31, 2022, BATP has a conditional contribution of approximately \$383,000 from United Way. This commitment is conditioned upon United Way's campaign results. The contributions will be recognized as contribution revenue when the conditions are met.

At December 31, 2022, BATP has approximately \$1,500,000 of conditional contributions from various government agencies, which have not been recognized in the accompanying financial statements because the conditions have not been met. BATP will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Pooled investment funds:				
TPF Fixed-Income Pooled Fund (a)		\$ 51,789		\$ 51,789
TPF Large-Cap Equity Pooled Fund (b)		42,835		42,835
TPF International Equity Pooled Fund (c)		17,052		17,052
TPF Small-Cap Equity Pooled Fund (d)		11,761		11,761
TPF Emerging Markets Equity Pooled Fund (e)		8,030		8,030
TPF Real Assets Pooled Fund (f)		7,853		7,853
TPF Diversified Strategies Pooled Fund (g)		7,664		7,664
TPF Real Estate Investment Pooled Fund (h)		7,361		7,361
TPF Money Market Mutual Fund (i)		160		160
Certificates of deposit		108,419		108,419
Money market mutual funds	\$ 19,589			19,589
Total assets measured at fair value	<u>\$ 19,589</u>	<u>\$ 262,924</u>	<u>\$ 0</u>	<u>\$ 282,513</u>

Assets measured at fair value at December 31, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Pooled investment funds:				
TPF Fixed-Income Pooled Fund (a)		\$ 62,881		\$ 62,881
TPF Large-Cap Equity Pooled Fund (b)		51,506		51,506
TPF International Equity Pooled Fund (c)		18,254		18,254
TPF Small-Cap Equity Pooled Fund (d)		14,077		14,077
TPF Emerging Markets Equity Pooled Fund (e)		8,647		8,647
TPF Real Assets Pooled Fund (f)		9,526		9,526
TPF Diversified Strategies Pooled Fund (g)		9,305		9,305
TPF Real Estate Investment Pooled Fund (h)		9,796		9,796
TPF Money Market Mutual Fund (i)		250		250
Certificates of deposit		210,591		210,591
Money market mutual funds	\$ 19,290			19,290
Total assets measured at fair value	<u>\$ 19,290</u>	<u>\$ 394,833</u>	<u>\$ 0</u>	<u>\$ 414,123</u>

The pooled investment funds are not traded on a public exchange and are primarily invested in domestic and international equity and debt securities traded in public markets. The pooled investment funds are described as follows:

- (a) This fund is an actively managed, diversified bond portfolio with a total return strategy designed to serve as the fixed-income component for most permanent funds. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (b) This fund is a broadly diversified portfolio of mostly U. S. and some international stocks that seek to provide opportunities for long-term capital growth, while avoiding speculation and undue risk. Withdrawals may be made on the last business day of the month by written request with one-day notice.
- (c) This fund is a broadly diversified portfolio of large, high quality non-U. S. companies that are either ordinary shares traded on securities exchanges around the world or American Depository Receipts traded on U. S. exchanges. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (d) This fund is a blended-style portfolio of small U. S. companies allocated among managers with distinct growth, value and core strategies. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (e) This fund is a broadly diversified portfolio of smaller companies in markets with greater political and economic instability, presenting more exposure to operational and liquidity risks than in developed countries, and with currency risks that are not easily hedged. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (f) This fund is a diversified portfolio of liquid, inflation-sensitive assets/strategies that tend to be positively correlated with unanticipated inflation. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (g) This fund is a broadly diversified portfolio of primarily institutional-class mutual funds employing a variety of alternative investment strategies, including merger arbitrage, put and call options, and long/short equity. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (h) This fund is a diversified commingled portfolio of core institutional-quality, income-producing real properties designed to provide exposure to this additional asset class. Withdrawals may be made on the last business day of the month by written request with three days' notice.
- (i) This fund is designed to achieve a competitive rate of current income with maximum safety and liquidity. There are no restrictions on withdrawals.

Valuation methods used for assets measured at fair value are as follows:

- *Pooled investment funds* are valued at net asset values provided by fund management and by the annual audited financial statements of the Texas Presbyterian Foundation (TPF), an ecumenical nonprofit foundation that holds and manages the pooled investments.
- *Certificates of deposit* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.
- *Mutual funds* are valued at the reported net asset value.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while BATP believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least 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 the statement of financial position and statement of activities.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Building	\$ 2,222,750	\$ 2,222,750
Land	125,393	125,393
Computer and other office equipment	504,542	480,269
Furniture and fixtures	106,005	106,005
Vehicles	<u>83,438</u>	<u>83,438</u>
Total property and equipment, at cost	3,042,128	3,017,855
Accumulated depreciation	<u>(1,673,864)</u>	<u>(1,578,883)</u>
Property and equipment, net	<u>\$ 1,368,264</u>	<u>\$ 1,438,972</u>

NOTE 7 – NOTE PAYABLE

On April 17, 2020, BATP was granted a loan from Frost Bank in the amount of \$403,800, pursuant to the Paycheck Protection Program (PPP). PPP provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan was forgivable as long as the borrower used the loan proceeds for eligible purposes and maintained its payroll levels. The amount of loan forgiveness was reduced if the borrower terminated employees or reduces salaries during the eight-week period. In 2021, BATP received formal forgiveness in the amount of \$291,417 on the loan. The unforgiven portion of the PPP loan of \$112,383 was payable over 18 months at an interest rate of 1% starting February 6, 2021. The outstanding unforgiven portion of the loan balance was paid in full in 2022.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are designated as follows:

	<u>2022</u>	<u>2021</u>
Property and equipment, net	\$ 1,334,614	\$ 1,405,322
Undesignated	687,074	714,739
Board-designated operating reserve	<u>566,988</u>	<u>532,115</u>
Total net assets without donor restrictions	<u>\$ 2,588,676</u>	<u>\$ 2,652,176</u>

BATP's Board of Directors does not have specific policies regarding establishing other reserves. However, the Board of Directors designates excess cash flows for reserves or specific projects, as deemed prudent. Use of board-designated reserves must be approved by the Board of Directors.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Condominium and related reserve fund	\$ 83,650	\$ 83,650
Victim Services Program	63,032	
Other	<u>37,927</u>	
Total subject to expenditure for specified purpose	184,609	83,650
Subject to expenditure for a specified time:		
2023	<u>47,869</u>	
Total net assets with donor restrictions	<u>\$ 232,478</u>	<u>\$ 83,650</u>

NOTE 10 – GOVERNMENT GRANTS

BATP is the recipient of contributions from various government agencies. Should these awards not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Contributions from government agencies include the following:

	<u>2022</u>	<u>2021</u>
Federal government grants:		
U. S. Department of Housing and Urban Development	\$ 844,481	\$ 946,304
U. S. Department of Justice	664,207	837,297
U. S. Department of Health and Human Services	620,809	410,610
U. S. Department of Treasury	214,184	
U. S. Department of Homeland Security	<u>5,499</u>	<u>10,000</u>
Total federal government grants	2,349,180	2,204,211
State and local government grants	<u>562,119</u>	<u>299,646</u>
Total government grants	<u>\$ 2,911,299</u>	<u>\$ 2,503,857</u>

BATP receives grants from federal and state funding sources that require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by BATP with the terms of the contracts. Management believes such disallowances, if any, would not be material to BATP’s financial position or changes in net assets.

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets were recognized as follows:

CONTRIBUTED NONFINANCIAL ASSETS	MONETIZED OR UTILIZED IN PROGRAMS/ ACTIVITIES	DONOR RESTRICTIONS	VALUATION TECHNIQUES AND INPUTS	FISCAL YEAR <u>2022</u>	FISCAL YEAR <u>2021</u>
Clothing, furniture, household items and supplies	Utilized for program services	None	Fair value estimated based on items of similar type and condition.	\$365,111	\$384,832
Food	Utilized for program services	None	Fair value estimated based on similar goods.	\$32,745	\$98,967
Other	Utilized for program services, management and general and fundraising	None	Fair value estimated based on similar goods and services.	\$33,483	\$129,361
Total contributed nonfinancial assets				<u>\$431,339</u>	<u>\$613,160</u>

NOTE 12 – PENSION PLAN

BATP provides a §401(k) retirement plan for all employees with one year or more of service. BATP makes contributions equal to 100% of the employee's elective contributions, not to exceed 4% of a participant's compensation. BATP's contribution to the §401(k) plan was \$30,070 in 2022 and \$26,557 in 2021.

NOTE 13 – SUBSEQUENT EVENTS

In July 2023, BATP executed a lease agreement for office space for the period August 1, 2023 through October 31, 2028, with average annual rent of approximately \$46,000.

Management has evaluated subsequent events through September 8, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
