

**The Family Conservancy, Inc.**  
Independent Auditor's Reports and Financial Statements  
December 31, 2020 and 2019



# The Family Conservancy, Inc.

December 31, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
The Family Conservancy, Inc.  
Kansas City, Kansas

We have audited the accompanying financial statements of The Family Conservancy, Inc. (Agency), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

Board of Directors  
The Family Conservancy, Inc.  
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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Conservancy, Inc. 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 accounting principles generally accepted in the United States of America.

*BKD, LLP*

Kansas City, Missouri  
June 29, 2021

**The Family Conservancy, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,484,660	\$ 1,930,867
Receivables		
Professional services, net of allowance; 2020 - \$4,600, 2019 - \$6,045	84,311	88,418
Child and adult care food program	74,436	76,449
Interest and dividends	2,954	4,034
Grant and other receivables	2,812,638	2,392,392
Prepaid expenses	49,785	35,778
Total current assets	5,508,784	4,527,938
<b>Investments</b>		
Endowments	2,032,557	1,830,346
Board-designated	2,300,784	2,058,499
	4,333,341	3,888,845
<b>Property and Equipment, At Cost</b>		
Land	21,000	21,000
Building and improvements	599,090	599,090
Furniture and equipment	137,856	137,856
	757,946	757,946
Less accumulated depreciation	605,395	567,837
	152,551	190,109
Total assets	\$ 9,994,676	\$ 8,606,892

## Liabilities and Net Assets

	<u>2020</u>	<u>2019</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 980,836	\$ 711,140
Accrued expenses	529,331	494,537
Deferred revenue	61,468	31,741
	<hr/>	<hr/>
Total current liabilities	1,571,635	1,237,418
	<hr/>	<hr/>
<b>Accrued Pension Costs</b>	955,242	1,216,018
	<hr/>	<hr/>
Total liabilities	2,526,877	2,453,436
	<hr/>	<hr/>
<b>Net Assets</b>		
Without donor restrictions	3,490,194	2,156,751
With donor restrictions	3,977,605	3,996,705
	<hr/>	<hr/>
Total net assets	7,467,799	6,153,456
	<hr/>	<hr/>
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Total liabilities and net assets	<u>\$ 9,994,676</u>	<u>\$ 8,606,892</u>

**The Family Conservancy, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
<b>Public Support</b>			
Allocation by United Way	\$ 814,346	\$ 332,460	\$ 1,146,806
Grants from governmental agencies	9,625,317	-	9,625,317
Grants from trusts and foundations	1,558,961	1,159,465	2,718,426
Fundraising	145,774	-	145,774
In-kind contributions	19,988	-	19,988
Other contributions	195,436	-	195,436
	<u>12,359,822</u>	<u>1,491,925</u>	<u>13,851,747</u>
Total public support			
<b>Revenue</b>			
Program service fees	442,089	-	442,089
Investment return, net	14,660	27,331	41,991
Gain on sale of investments, net	70,867	56,431	127,298
Other revenues	771	-	771
	<u>528,387</u>	<u>83,762</u>	<u>612,149</u>
Total revenue			
<b>Net Assets Released from Restrictions</b>	<u>1,754,613</u>	<u>(1,754,613)</u>	<u>-</u>
Total public support and revenue	14,642,822	(178,926)	14,463,896
<b>Unrealized Gains on Investments, Net</b>	<u>150,880</u>	<u>159,826</u>	<u>310,706</u>
Total revenues, gains and other support	<u>14,793,702</u>	<u>(19,100)</u>	<u>14,774,602</u>

**The Family Conservancy, Inc.**  
**Statement of Activities (Continued)**  
**Year Ended December 31, 2020**

<b>Expenses</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Program Services</b>			
Counseling	\$ 2,338,201		\$ 2,338,201
Healthy Parents Healthy Kids	143,516		143,516
Marriage Enrichment	27,267		27,267
Children's Services	8,476,170		8,476,170
Student Assistance Program	67,592		67,592
Child and Adult Care Food Program	935,618		935,618
	<u>11,988,364</u>		<u>11,988,364</u>
Total program services			<u>11,988,364</u>
<b>Supporting Services</b>			
Development	646,611		646,611
General and administrative	777,762		777,762
	<u>1,424,373</u>		<u>1,424,373</u>
Total supporting services			<u>1,424,373</u>
Total expenses	<u>13,412,737</u>		<u>13,412,737</u>
<b>Change in Net Assets Before Change in Defined Benefit Pension Plan Losses</b>	1,380,965	\$ (19,100)	1,361,865
<b>Change in Defined Benefit Pension Plan Losses</b>	<u>(47,522)</u>	<u>-</u>	<u>(47,522)</u>
<b>Change in Net Assets</b>	1,333,443	(19,100)	1,314,343
<b>Net Assets, Beginning of Year</b>	<u>2,156,751</u>	<u>3,996,705</u>	<u>6,153,456</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,490,194</u>	<u>\$ 3,977,605</u>	<u>\$ 7,467,799</u>



**The Family Conservancy, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
<b>Public Support</b>			
Allocation by United Way	\$ 1,175,985	\$ 288,629	\$ 1,464,614
Grants from governmental agencies	6,598,211	-	6,598,211
Grants from trusts and foundations	2,309,524	1,797,208	4,106,732
Fundraising	229,409	-	229,409
In-kind contributions	336,989	-	336,989
Other contributions	225,334	-	225,334
	<u>10,875,452</u>	<u>2,085,837</u>	<u>12,961,289</u>
<b>Revenue</b>			
Program service fees	368,205	-	368,205
Investment return, net	55,862	39,391	95,253
Gain on sale of investments, net	28,304	8,208	36,512
Other revenues	4,305	-	4,305
	<u>456,676</u>	<u>47,599</u>	<u>504,275</u>
<b>Net Assets Released from Restrictions</b>	<u>1,491,980</u>	<u>(1,491,980)</u>	<u>-</u>
Total public support and revenue	12,824,108	641,456	13,465,564
<b>Unrealized Gains on Investments, Net</b>	<u>248,379</u>	<u>208,387</u>	<u>456,766</u>
Total revenues, gains and other support	<u>13,072,487</u>	<u>849,843</u>	<u>13,922,330</u>

**The Family Conservancy, Inc.**  
**Statement of Activities (Continued)**  
**Year Ended December 31, 2019**

<b>Expenses</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Program Services</b>			
Counseling	\$ 2,069,100		\$ 2,069,100
Healthy Parents Healthy Kids	152,752		152,752
Marriage Enrichment	31,190		31,190
Children's Services	7,483,611		7,483,611
Student Assistance Program	103,906		103,906
Child and Adult Care Food Program	992,176		992,176
	<u>10,832,735</u>		<u>10,832,735</u>
Total program services			<u>10,832,735</u>
<b>Supporting Services</b>			
Development	600,620		600,620
General and administrative	872,201		872,201
	<u>1,472,821</u>		<u>1,472,821</u>
Total supporting services			<u>1,472,821</u>
Total expenses	<u>12,305,556</u>		<u>12,305,556</u>
<b>Change in Net Assets Before Change in Defined Benefit Pension Plan Losses</b>	766,931	\$ 849,843	1,616,774
<b>Change in Defined Benefit Pension Plan Losses</b>	<u>(81,894)</u>	<u>-</u>	<u>(81,894)</u>
<b>Change in Net Assets</b>	685,037	849,843	1,534,880
<b>Net Assets, Beginning of Year</b>	<u>1,471,714</u>	<u>3,146,862</u>	<u>4,618,576</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,156,751</u>	<u>\$ 3,996,705</u>	<u>\$ 6,153,456</u>

**The Family Conservancy, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Change in net assets	\$ 1,314,343	\$ 1,534,880
Items not requiring (providing) operating activities cash flows		
Net unrealized and realized gains on investments	(438,004)	(493,278)
Depreciation	37,558	38,241
Change in defined benefit pension plan gains and losses	47,522	81,894
Changes in		
Receivables	(413,046)	(1,145,125)
Prepaid expenses	(14,007)	17,264
Accounts payable	269,696	401,550
Accrued expenses	34,794	12,436
Deferred revenue	29,727	745
Accrued pension costs	(308,298)	(191,958)
	<u>560,285</u>	<u>256,649</u>
<b>Investing Activities</b>		
Purchase of property and equipment	-	(48,277)
Purchase of investments	(68,321)	(92,570)
Proceeds from disposition of investments	61,829	53,257
	<u>(6,492)</u>	<u>(87,590)</u>
<b>Increase in Cash and Cash Equivalents</b>	553,793	169,059
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,930,867</u>	<u>1,761,808</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,484,660</u>	<u>\$ 1,930,867</u>

**The Family Conservancy, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

<b>Expenses</b>	<b>Total</b>	<b>Counseling</b>	<b>Healthy Parents Healthy Kids</b>
Salaries	\$ 4,599,627	\$ 1,393,807	\$ 78,904
Employee benefits	864,653	359,101	23,805
Payroll taxes	325,953	101,191	5,565
Unemployment	13,632	4,152	244
Professional fees	4,827,432	41,624	2,044
Legal and accounting fees	98,189	28,089	2,734
Technology and internet	160,218	59,406	2,195
Supplies	745,435	101,088	14,175
Printing and copying	11,707	394	-
Telephone	78,359	25,104	695
Postage	5,647	609	90
Occupancy and utilities	399,789	121,116	7,910
Equipment rental and maintenance	45,132	15,611	815
Travel	46,152	12,328	-
Continuing education and conferences	82,294	22,851	960
Specific/financial assistance	151,736	10,964	231
Provider payments	775,016	-	-
Agency dues and licenses	26,330	6,756	803
Promotion	14,352	9,231	5
Insurance	45,897	15,999	819
Depreciation	37,558	2,893	-
In-kind expenses	19,988	3,755	1,522
Other	35,965	456	-
Bad debts	1,676	1,676	-
<b>Total Expenses</b>	<b>\$ 13,412,737</b>	<b>\$ 2,338,201</b>	<b>\$ 143,516</b>

<b>Marriage Enrichment</b>	<b>Children's Services</b>	<b>Student Assistance Program</b>	<b>Child and Adult Care Food Program</b>	<b>Development</b>	<b>General and Administrative</b>
\$ -	\$ 1,929,415	\$ 24,232	\$ 81,716	\$ 357,196	\$ 734,357
-	544,152	6,152	27,550	80,075	(176,182)
-	135,262	1,748	5,890	25,550	50,747
-	5,717	77	239	1,046	2,157
-	4,721,016	136	529	30,682	31,401
-	33,327	457	10,441	4,252	18,889
-	68,041	2,447	13,090	11,150	3,889
-	585,184	177	792	26,527	17,492
-	6,150	-	122	5,007	34
-	42,514	2,842	692	1,690	4,822
-	2,048	128	1,021	1,367	384
-	192,010	933	12,697	24,581	40,542
-	19,783	368	1,038	2,533	4,984
-	27,489	1,362	2,284	2,023	666
-	52,695	91	-	1,929	3,768
-	56,960	25,819	-	61,259	(3,497)
-	-	-	775,016	-	-
-	11,956	218	482	2,898	3,217
-	1,372	3	-	3,409	332
-	20,030	373	1,060	2,566	5,050
-	3,155	-	-	-	31,510
-	16,285	-	-	(1,574)	-
27,267	1,609	29	959	2,445	3,200
-	-	-	-	-	-
<b>\$ 27,267</b>	<b>\$ 8,476,170</b>	<b>\$ 67,592</b>	<b>\$ 935,618</b>	<b>\$ 646,611</b>	<b>\$ 777,762</b>

**The Family Conservancy, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

<b>Expenses</b>	<b>Total</b>	<b>Counseling</b>	<b>Healthy Parents Healthy Kids</b>
Salaries	\$ 4,315,769	\$ 1,201,219	\$ 81,589
Employee benefits	984,647	301,860	19,990
Payroll taxes	315,002	88,120	6,041
Unemployment	6,672	1,880	125
Professional fees	3,622,228	41,823	4,208
Legal and accounting fees	99,548	25,453	2,748
Technology and internet	151,825	32,925	1,715
Supplies	614,508	111,700	15,919
Printing and copying	8,625	781	-
Telephone	59,594	16,734	1,078
Postage	3,953	444	3
Occupancy and utilities	418,716	114,346	7,564
Equipment rental and maintenance	48,912	14,210	699
Travel	160,309	54,704	1,264
Continuing education and conferences	93,202	19,915	500
Specific/financial assistance	53,618	716	926
Provider payments	841,112	-	-
Agency dues and licenses	39,999	15,224	233
Promotion	6,257	1,898	2
Insurance	42,254	12,398	644
Depreciation	38,241	2,893	-
In-kind expenses	336,991	7,016	7,504
Other	41,689	956	-
Bad debts	1,885	1,885	-
<b>Total Expenses</b>	<b>\$ 12,305,556</b>	<b>\$ 2,069,100</b>	<b>\$ 152,752</b>

<b>Marriage Enrichment</b>	<b>Children's Services</b>	<b>Student Assistance Program</b>	<b>Child and Adult Care Food Program</b>	<b>Development</b>	<b>General and Administrative</b>
\$ -	\$ 1,975,040	\$ 40,259	\$ 79,577	\$ 298,966	\$ 639,119
-	551,399	11,343	28,323	75,449	(3,717)
-	142,441	2,853	5,895	22,128	47,524
-	2,990	62	121	457	1,037
-	3,511,810	253	858	14,327	48,949
-	48,760	461	2,715	4,918	14,493
-	77,874	845	9,591	22,640	6,235
-	415,198	2,230	1,259	40,808	27,394
-	4,282	-	438	3,095	29
-	34,474	1,584	644	1,227	3,853
-	844	9	1,236	901	516
-	232,503	1,867	12,170	20,297	29,969
-	25,241	396	1,145	2,237	4,984
-	87,401	4,077	4,386	4,266	4,211
-	66,076	585	-	2,005	4,121
-	18,941	32,440	-	595	-
-	-	-	841,112	-	-
-	13,610	1,785	484	5,939	2,724
-	2,776	1	219	743	618
-	21,615	343	1,052	1,948	4,254
-	4,406	-	-	-	30,942
-	245,066	2,450	-	74,955	-
31,190	864	63	951	2,719	4,946
-	-	-	-	-	-
<b>\$ 31,190</b>	<b>\$ 7,483,611</b>	<b>\$ 103,906</b>	<b>\$ 992,176</b>	<b>\$ 600,620</b>	<b>\$ 872,201</b>

# **The Family Conservancy, Inc.**

## **Notes to Financial Statements**

**December 31, 2020 and 2019**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

The Family Conservancy, Inc. (Agency) is a not-for-profit corporation that provides various services to families and individuals throughout the greater Kansas City metropolitan area. The Agency's revenues and other support are derived principally from grants from government agencies, trusts and foundations and United Way allocations.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts.

At December 31, 2020, the Agency's cash accounts exceeded federally insured limits by approximately \$2,444,000.

#### ***Investments and Net Investment Return***

The Agency measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.



**The Family Conservancy, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Beneficial Interest in Assets Held by Others***

The Agency maintains an interest in assets held at The Greater Kansas City Community Foundation and The Truman Heartland Community Foundation (Foundations), for which the Foundations have been granted variance power. The Agency receives distributions of earnings on such assets, and may request distributions of principal with respect to the assets held by the Foundations. The assets (which are included with investments on the accompanying statements of financial position) are invested primarily in equity and fixed income pools. The cumulative amount of retained beneficial interest amounted to \$672,564 and \$609,048 at December 31, 2020 and 2019, respectively (see *Note 9*).

***Accounts and Grants Receivable***

The Agency reports accounts receivable for professional services (primarily counseling) rendered at the outstanding amount of consideration to which the Agency expects to be entitled from third-party payers, patients, customers and others. The Agency provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Agency bills third-party payers directly and bills the patient when the patient's liability is determined. Accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Grants receivable primarily consists of amounts billed to federal, state and local agencies based on amounts defined in the contract or grant agreement. Grants receivable are typically paid by the granting agency in their normal course of business (usually within 60 days).

***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

***Long-lived Asset Impairment***

The Agency evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Net assets with donor restrictions are subject to donor- or certain grantor- imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

### Contributions

Contributions are provided to the Agency either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Agency overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

### **Government Grants**

Support funded by grants is recognized as the Agency meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### **In-kind Contributions**

In addition to receiving cash contributions, the Agency received in-kind contributions from various donors. It is the policy of the Agency to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2020 and 2019, \$19,988 and \$336,989, respectively, was received in in-kind contributions.

### **Revenue Recognition**

Revenue is recognized when control of the promised goods or services is transferred to the Agency's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of goods or services provided and the terms and conditions of the customer contract. See *Note 3* for additional information about the Agency's revenue.

### **Allocation of Functional Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs based on labor dollars incurred by the program.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### ***Income Taxes***

The Agency is a not-for-profit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). However, the Agency is subject to income tax on any unrelated business taxable income. The Agency files tax returns in the U.S. federal jurisdiction.

### ***Subsequent Events***

Subsequent events have been evaluated through June 29, 2021, which is the date the financial statements were available to be issued.

### **Note 2: Conditional Grants and Contributions**

The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Agency are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2020:

	<u>2020</u>
Conditional upon incurrence of allowable qualifying expenses	\$ 3,190,861
Conditional upon specific individuals serviced	<u>2,498,402</u>
	<u>\$ 5,689,263</u>

### **Note 3: Revenue from Contracts with Customers**

#### ***Program Service Fees***

Program service fees represents fees for services and is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing services. These amounts are due from individuals, third-party insurers and other agencies. Revenue is recognized as the performance obligation is satisfied, which is over time as the services are provided as the customer simultaneously receives and consumes the benefit. The Agency determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Agency's policy and implicit price concessions provided to clients. The Agency determines its estimates of discounts and implicit price concessions based on contractual agreements, its discount policies and historical experience. These contracts are generally short-term in nature and revenue is recognized based on the output of hours of service provided in

**The Family Conservancy, Inc.**  
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relation to total hours. The Agency believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. Billing varies by contract either at the time of service or in advance, prior to providing the service. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and payers that have different reimbursement and payment methodologies.

***Revenue from Contracts with Agencies***

The Agency has entered into contracts with agencies to provide various services with payments based on either a fixed fee or cost reimbursement. At contract inception, the Agency assesses the services promised in the contracts with customers to identify the performance obligations in the arrangement. Generally, all contracts are considered a single performance obligation because the Agency provides a highly-integrated service resulting in a combined output. Revenue is recognized for the single performance obligation over time due to the Agency's right to payment for work performed to date. The transaction price is the contractually defined amount that includes adjustment for variable consideration such as reimbursable costs or penalties. The contracts generally provide for the right to invoice the customer as work progresses. Revenue for performance obligations satisfied over time is recognized ratably over the period based on the cost-to-cost measure. Revenue recognized during the year ended December 31, 2020 from contracts with agencies was \$35,000 and is included in the grants and trusts from foundations on the statement of activities. Revenue recognized during the year ended December 31, 2019 from contracts with agencies was \$685,016, with \$37,750 included in the grants from governmental agencies on the statement of activities and \$647,266 included in the grants from trusts and foundations on the statement of activities. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and the payers that have different payment methodologies.

**The Family Conservancy, Inc.**  
**Notes to Financial Statements**  
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**Note 4: Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose		
Children's Services	\$ 1,292,178	\$ 1,514,320
Healthy Parents Healthy Kids	72,610	68,882
Counseling	462,688	490,218
Student Assistance Program	114,882	88,313
Other	2,690	4,626
	1,945,048	2,166,359
 Endowments		
Subject to NFP endowment spending policy and appropriation		
The Living Center for Growth in Marriage	927,795	864,172
Family Achievement Night	128,317	106,526
Student Assistance Program	68,860	57,193
General Endowment	907,585	802,455
	2,032,557	1,830,346
	\$ 3,977,605	\$ 3,996,705

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### Net Assets Released from Restrictions

Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors.

	<u>2020</u>	<u>2019</u>
Satisfaction or purpose restrictions		
Counseling	\$ 488,637	\$ 312,819
Children's Services	1,136,911	1,013,706
Healthy Parents Healthy Kids	44,107	44,270
Student Assistance Program	38,952	40,340
Other	4,629	36,915
	<u>1,713,236</u>	<u>1,448,050</u>
Restricted-purpose appropriations		
The Living Center for Growth in Marriage	34,512	38,345
Blue Carpet Event	455	426
Student Assistance Program	245	229
General Endowment	6,165	4,930
	<u>41,377</u>	<u>43,930</u>
	<u>\$ 1,754,613</u>	<u>\$ 1,491,980</u>

### Note 5: Endowment

The Agency's governing body is subject to the *State of Kansas Prudent Management of Institutional Funds Act* (SPMIFA). As a result, the Agency classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Agency and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Agency
7. Investment policies of the Agency

# The Family Conservancy, Inc.

## Notes to Financial Statements

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The Agency's endowment consists of five individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2020 and 2019, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>December 31, 2020</b>			
Board-designated endowment funds	\$ 2,300,784	\$ -	\$ 2,300,784
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	328,086	328,086
Accumulated investment gains	-	1,704,471	1,704,471
Total endowment funds	<u>\$ 2,300,784</u>	<u>\$ 2,032,557</u>	<u>\$ 4,333,341</u>
<b>December 31, 2019</b>			
Board-designated endowment funds	\$ 2,058,499	\$ -	\$ 2,058,499
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	328,086	328,086
Accumulated investment gains	-	1,502,260	1,502,260
Total endowment funds	<u>\$ 2,058,499</u>	<u>\$ 1,830,346</u>	<u>\$ 3,888,845</u>



**The Family Conservancy, Inc.**  
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Changes in endowment net assets for the years ended December 31, 2020 and 2019 were:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 2,058,499	\$ 1,830,346	\$ 3,888,845
Investment return, net	260,108	243,588	503,696
Appropriation of endowment assets for expenditure	(17,823)	(41,377)	(59,200)
Endowment net assets, end of year	<u>\$ 2,300,784</u>	<u>\$ 2,032,557</u>	<u>\$ 4,333,341</u>

  

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 1,737,964	\$ 1,618,290	\$ 3,356,254
Investment return, net	324,799	255,986	580,785
Contributions	10,790	-	10,790
Appropriation of endowment assets for expenditure	(15,054)	(43,930)	(58,984)
Endowment net assets, end of year	<u>\$ 2,058,499</u>	<u>\$ 1,830,346</u>	<u>\$ 3,888,845</u>

***Investment and Spending Policies***

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Agency must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Agency's policies, endowment assets are invested in a manner that is intended to produce income to fund current operations while assuming a prudent level of investment risk. The Agency expects its endowment funds to provide an average rate of return of approximately 4.5 percent annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

The Agency has a spending policy of appropriating for expenditure each year up to 4 percent of its endowment fund's average fair value over the prior 12 quarters through the year end preceding the year in which expenditure is planned. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long term, the Agency expects the current spending policy to allow its endowment to grow at an average of 0.5 percent of the moving average market value annually as determined above. This is consistent with the Agency's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### ***Underwater Endowments***

The governing body of the Agency has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Agency considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Agency has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2020 and 2019, no funds with deficiencies were reported in net assets with donor restrictions.

### **Note 6: Liquidity and Availability**

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,484,660	\$ 1,930,867
Accounts and interest receivable	<u>2,974,339</u>	<u>2,561,293</u>
	<u>\$ 5,458,999</u>	<u>\$ 4,492,160</u>

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

The Agency's endowment funds consist of donor-restricted endowments, quasi-endowments and board-designated investments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment investments have a spending rate of 4 percent, and appropriations from the quasi-endowment could be available within the next 12 months. To the extent that earnings available for spending on current operations for any year are not used during that year, they are to be added to the corpus and not carried over for spending in a subsequent year.

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Agency invests cash in excess of daily requirements in short-term investments which are considered to be cash equivalents. To help manage unanticipated liquidity needs, the Agency has committed lines of credit in the amount of \$650,000, which it could draw upon. Additionally, although the Agency does not intend to spend from its board directed investments other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board directed investments could be made available if necessary. As of December 31, 2020, the value of the board directed investments was \$2,300,784.

### Note 7: Leases

The Agency rents office space and equipment under non-cancellable operating leases that expire at various dates through 2025. Rental expense related to these leases and other occupancy costs totaled \$382,650 and \$366,862 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments under operating leases at December 31, 2020 are as follows:

2021	\$ 362,535
2022	335,608
2023	335,608
2024	335,608
2025	<u>83,902</u>
Total minimum lease payments	<u>\$ 1,453,261</u>

### Note 8: Pension Plans

#### ***Defined Contribution Plan***

The Agency implemented a defined contribution pension plan on August 1, 2007 covering substantially all employees. The plan allows for employee contributions, subject to certain IRS contribution limits. The Agency contributes 5 percent of compensation to the plan and matches 100 percent of the employee contributions up to 2 percent of compensation. Expense under this plan was approximately \$249,000 and \$239,000 for 2020 and 2019, respectively.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### Defined Benefit Plan

The Agency has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Agency's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Agency may determine to be appropriate from time to time. The Agency expects to contribute approximately \$291,000 to the plan in 2021. Effective July 31, 2007, the Agency froze the defined benefit pension plan.

The Agency uses a December 31 measurement date for the plan. Significant balances, costs and assumptions are:

	<u>2020</u>	<u>2019</u>
Benefit obligation	\$ 8,834,124	\$ 8,193,379
Fair value of plan assets	<u>7,878,882</u>	<u>6,977,361</u>
Funded status	<u>\$ (955,242)</u>	<u>\$ (1,216,018)</u>

Amounts recognized in change in without donor restriction not yet recognized as components of net periodic benefit cost consist of:

	<u>2020</u>	<u>2019</u>
Net loss	<u>\$ 3,022,678</u>	<u>\$ 2,975,156</u>

The accumulated benefit obligation for all defined benefit pension plans was:

	<u>2020</u>	<u>2019</u>
Accumulated benefit obligation	\$ (8,834,124)	\$ (8,193,379)
Accrued pension cost recognized in the statements of financial position as noncurrent liabilities	(955,242)	(1,216,018)

Other significant balances and costs are:

	<u>2020</u>	<u>2019</u>
Net periodic benefit costs	\$ (17,388)	\$ 98,952
Employer contributions	290,910	290,910
Benefits paid	421,192	429,976

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

The estimated net loss that will be amortized from without donor restriction into net periodic benefit cost over the next fiscal year is \$206,892. The following amounts have been recognized in the change in net assets:

	<b>2020</b>	<b>2019</b>
Amounts arising during the period		
Net loss	\$ 264,405	\$ 280,506
Amounts reclassified as component of net periodic benefit cost of the period		
Net loss	216,883	198,612

Weighted-average assumptions used to determine benefit obligations:

	<b>2020</b>	<b>2019</b>
Discount rate	2.20%	3.00%
Rate of compensation increase *	0.00%	0.00%
Mortality table	MP-2020	MP-2019

Weighted-average assumptions used to determine benefit costs:

	<b>2020</b>	<b>2019</b>
Discount rate	3.00%	4.00%
Expected return on plan assets	7.00%	6.75%
Rate of compensation increase *	0.00%	0.00%

\* As the plan is frozen, there is no future service credit.

The Agency has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities. The target asset allocation percentages for 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Equity securities	50%	50%
Fixed income and other	50%	50%

**The Family Conservancy, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Pension Plan Assets**

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. The plan did not have any assets classified as Level 1. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include pooled separate accounts in equity and fixed income funds. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include a guaranteed investment contract with Mutual of America Life Insurance Company.

The fair values of the Agency's pension plan assets at December 31, 2020 and 2019, by asset class are as follows:

<b>Asset Category</b>	<b>Total Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2020</b>				
Guaranteed investment contract	\$ 967,071	\$ -	\$ -	\$ 967,071
Pooled separate accounts - equity funds	4,018,726	-	4,018,726	-
Pooled separate accounts - fixed income funds	2,893,085	-	2,893,085	-
Total	<u>\$ 7,878,882</u>	<u>\$ -</u>	<u>\$ 6,911,811</u>	<u>\$ 967,071</u>
<b>December 31, 2019</b>				
Guaranteed investment contract	\$ 45	\$ -	\$ -	\$ 45
Pooled separate accounts - equity funds	3,741,092	-	3,741,092	-
Pooled separate accounts - fixed income funds	3,236,224	-	3,236,224	-
Total	<u>\$ 6,977,361</u>	<u>\$ -</u>	<u>\$ 6,977,316</u>	<u>\$ 45</u>

**The Family Conservancy, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

The following is a reconciliation of the beginning and ending balances of fair value measurements using significant unobservable (Level 3) inputs:

	<u>2020</u>	<u>2019</u>
<b>Guaranteed Investment Contract</b>		
Balance at beginning of year	\$ 45	\$ 44
Actual return on plan assets		
Relating to assets still held at the reporting date	4,394	-
Sales	(282,552)	(801)
Transfers	<u>1,245,184</u>	<u>802</u>
Balance at end of year	<u>\$ 967,071</u>	<u>\$ 45</u>

Plan assets are held by Mutual of America Life Insurance Company, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investment in common stocks, corporate bonds and debentures, U.S. Government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31:

2021	\$ 501,000
2022	485,000
2023	482,000
2024	477,000
2025	464,000
2026-2030	2,270,000

**Note 9: Disclosures About Fair Value of Assets and Liabilities**

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2020</b>				
Money market funds	\$ 127,945	\$ 127,945	\$ -	\$ -
Equity mutual funds	1,998,320	1,998,320	-	-
Fixed income mutual funds	967,419	967,419	-	-
Hedge mutual funds	419,476	419,476	-	-
Commodity mutual funds	147,617	147,617	-	-
Beneficial interests in assets held by others	672,564	-	672,564	-
	<u>\$ 4,333,341</u>	<u>\$ 3,660,777</u>	<u>\$ 672,564</u>	<u>\$ -</u>
<b>December 31, 2019</b>				
Money market funds	\$ 171,408	\$ 171,408	\$ -	\$ -
Equity mutual funds	1,588,420	1,588,420	-	-
Fixed income mutual funds	1,008,049	1,008,049	-	-
Hedge mutual funds	384,952	384,952	-	-
Commodity mutual funds	126,968	126,968	-	-
Beneficial interests in assets held by others	609,048	-	609,048	-
	<u>\$ 3,888,845</u>	<u>\$ 3,279,797</u>	<u>\$ 609,048</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020.



**The Family Conservancy, Inc.**  
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**December 31, 2020 and 2019**

***Investments and Beneficial Interests in Assets Held by Others***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Agency did not have securities classified as Level 3.

**Note 10: Line of Credit**

The Agency has a private client line agreement in the amount of \$650,000. At December 31, 2020 and 2019, there was no borrowings against this line. The line is collateralized by the Agency's cash and security accounts held with the institution. Interest varies with the bank's prime rate, which was 2.90 percent and 4.55 percent on December 31, 2020 and 2019, respectively, and is payable monthly.

**Note 11: Paycheck Protection Program Loan**

On March 27, 2020, Former President Trump signed into law the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act). On April 22, 2020, the Agency received funding in the amount of \$805,550 pursuant to the Paycheck Protection Program (PPP). The Agency has elected to account for the PPP funds as a conditional grant in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 958. Under Topic 958, revenue is recognized when conditions are met, which include incurring eligible expenditures and meeting full-time equivalent and salary reduction requirements. Management believes that all conditions required to recognize the PPP funding were met during 2020 and have therefore recognized the full amount of the PPP funds within the grants from governmental agencies line item in the statement of activities. PPP funds are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

**Note 12: Related Party Transactions**

The Agency is one of three permanent members of The Children's Campus of Kansas City, Inc. (the Campus). In 2009, the Agency entered into a lease agreement with the Campus as a lessee for a term of 15 years commencing on April 1, 2010 with monthly lease payments of \$17,220. In addition, the Agency pays a portion of the Campus' operating costs and taxes.

# The Family Conservancy, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

### **Note 13: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Investments***

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

#### ***Allowance for Uncollectible Accounts***

Significant estimates relating to the allowance for uncollectible accounts are described in *Note 1*.

#### ***Pension Benefit Obligation***

The Agency has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the projected unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

#### ***Revenues***

For the years ended December 31, 2020 and 2019, government grant revenues accounted for 67 percent and 52 percent, respectively, of the Agency's total public support and revenues.

#### ***Functional Allocation of Expenses***

Significant estimates relating to the allocation of expenses on a functional basis are described in *Note 1*.