

Bay Area Turning Point, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2023 and 2022

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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, of functional expenses, and of cash flows for the years 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 audits. 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.

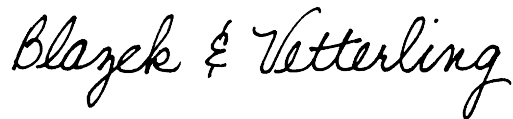
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 August 20, 2024 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.

A handwritten signature in black ink that reads "Blazek & Vetterling". The script is cursive and fluid, with the ampersand clearly visible.

August 20, 2024

Bay Area Turning Point, Inc.

Statements of Financial Position as of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 568,997	\$ 643,297
Contributions receivable (Note 3)	569,431	717,597
Prepaid expenses and other assets	14,850	21,068
Investments (Note 4)	425,541	282,513
Operating right-of-use asset, net (Note 5)	302,752	
Property and equipment, net (Note 6)	<u>1,459,595</u>	<u>1,368,264</u>
TOTAL ASSETS	<u>\$ 3,341,166</u>	<u>\$ 3,032,739</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 27,947	\$ 28,726
Accrued payroll and benefits	133,812	87,663
Refundable advances – government grant contributions		95,196
Operating lease liability (Note 5)	<u>321,869</u>	
Total liabilities	<u>483,628</u>	<u>211,585</u>
Contingencies (Note 9)		
Net assets:		
Without donor restrictions (Note 7)	2,656,019	2,588,676
With donor restrictions (Note 8)	<u>201,519</u>	<u>232,478</u>
Total net assets	<u>2,857,538</u>	<u>2,821,154</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,341,166</u>	<u>\$ 3,032,739</u>

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Activities for the year ended December 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants (Note 9)		\$ 2,940,025	\$ 2,940,025
Financial assets	\$ 464,777	70,000	534,777
United Way of Greater Houston allocation	167,075	47,869	214,944
Nonfinancial assets (Note 10)	522,687		522,687
Special events	159,545		159,545
Cost of special event benefits	(37,223)		(37,223)
Net investment return	37,608		37,608
Other income	<u>30,568</u>		<u>30,568</u>
Total revenue	1,345,037	3,057,894	4,402,931
Net assets released from restrictions:			
Expenditure for program purposes	3,040,984	(3,040,984)	
Expiration of time restrictions	<u>47,869</u>	<u>(47,869)</u>	
Total	<u>4,433,890</u>	<u>(30,959)</u>	<u>4,402,931</u>
EXPENSES:			
Program services:			
Shelter Services	1,693,543		1,693,543
Advocacy and Education – Family Violence	992,580		992,580
Advocacy and Education – Sexual Assault	568,344		568,344
Self-Reliance Program	<u>533,283</u>		<u>533,283</u>
Total program services	3,787,750		3,787,750
Management and general	229,339		229,339
Fundraising	<u>349,458</u>		<u>349,458</u>
Total expenses	<u>4,366,547</u>		<u>4,366,547</u>
CHANGES IN NET ASSETS	67,343	(30,959)	36,384
Net assets, beginning of year	<u>2,588,676</u>	<u>232,478</u>	<u>2,821,154</u>
Net assets, end of year	<u>\$ 2,656,019</u>	<u>\$ 201,519</u>	<u>\$ 2,857,538</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 (Note 9)		\$ 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 (Note 10)	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	1,306,967	3,060,127	4,367,094
Net assets released from restrictions:			
Expenditure for program purposes	2,911,299	(2,911,299)	
Total	4,218,266	148,828	4,367,094
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	4,281,766		4,281,766
CHANGES IN NET ASSETS	(63,500)	148,828	85,328
Net assets, beginning of year	2,652,176	83,650	2,735,826
Net assets, end of year	\$ 2,588,676	\$ 232,478	\$ 2,821,154

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statement of Functional Expenses for the year ended December 31, 2023

EXPENSES	SHELTER SERVICES	ADVOCACY AND EDUCATION – FAMILY VIOLENCE	ADVOCACY AND EDUCATION – SEXUAL ASSAULT	SELF-RELIANCE PROGRAM	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel	\$ 879,001	\$ 767,854	\$ 461,141	\$ 309,349	\$ 2,417,345	\$ 141,346	\$ 218,540	\$ 2,777,231
Assistance to individuals	458,793	6,439		194,134	659,366			659,366
Professional fees	44,886	46,936	29,956	11,908	133,686	64,625	95,245	293,556
Rental costs	5,989	73,544	37,049	1,242	117,824	10,585	6,635	135,044
Food and supplies	109,917	8,178	5,231	1,482	124,808	5,765	4,140	134,713
Depreciation	68,775	9,450	4,384	1,866	84,475	2,753	981	88,209
Maintenance and repairs	47,466	14,846	5,453	2,449	70,214	4,265	1,384	71,598
Insurance	29,382	16,291	5,438	2,106	53,217		1,298	58,780
Other	49,334	49,042	19,692	8,747	126,815		21,235	148,050
Total expenses	\$ 1,693,543	\$ 992,580	\$ 568,344	\$ 533,283	\$ 3,787,750	\$ 229,339	\$ 349,458	\$ 4,366,547
Cost of special event benefits								37,223
Total								\$ 4,403,770

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

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

EXPENSES	SHELTER SERVICES	ADVOCACY AND EDUCATION – FAMILY VIOLENCE	ADVOCACY AND EDUCATION – SEXUAL ASSAULT	SELF-RELIANCE PROGRAM	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
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	29,303	26,054	15,254	7,797	78,408	19,434	13,904	111,746
Total expenses	\$ 1,510,632	\$ 928,500	\$ 562,650	\$ 799,621	\$ 3,801,403	\$ 220,497	\$ 259,866	4,281,766
Cost of special event benefits								32,897
Total								\$ 4,314,663

See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Statements of Cash Flows for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 36,384	\$ 85,328
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	88,209	94,981
Amortization of operating right-of-use asset	20,664	
Net realized and unrealized (gain) loss on investments	(21,772)	32,091
Changes in operating assets and liabilities:		
Contributions receivable	148,166	(190,490)
Prepaid expenses and other assets	6,218	(16,069)
Accounts payable and accrued expenses	(779)	8,782
Accrued payroll and benefits	46,149	20,765
Refundable advances	(95,196)	95,196
Operating lease liability	<u>(1,547)</u>	<u></u>
Net cash provided by operating activities	<u>226,496</u>	<u>130,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(179,540)	(24,273)
Proceeds from sale of investments	8,248	112,698
Net change in money market mutual funds held as investments	(116,027)	(209)
Purchase of investments	(13,477)	(12,970)
Purchase of certificate of deposit	110,983	707,761
Maturity of certificate of deposit	<u>(110,983)</u>	<u>(707,761)</u>
Net cash provided (used) by investing activities	<u>(300,796)</u>	<u>75,246</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of note payable		<u>(35,120)</u>
NET CHANGE IN CASH	(74,300)	170,710
Cash, beginning of year	<u>643,297</u>	<u>472,587</u>
Cash, end of year	<u>\$ 568,997</u>	<u>\$ 643,297</u>

Supplemental disclosure for cash flow information:

Operating right-of-use asset financed by new lease liability	\$323,416
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See accompanying notes to financial statements.

Bay Area Turning Point, Inc.

Notes to Financial Statements for the years ended December 31, 2023 and 2022

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 education 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 education 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 BATP's 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 BATP's 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 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 contribution 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 except for non-negotiable certificates of deposit which are valued at principal plus accrued interest. 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.

Operating right-of-use asset is recognized at the present value of the lease payments at inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use asset is amortized so that lease costs remain constant over the lease term.

BATP made the following accounting policy elections for reporting leases:

- *Short-term leases* – BATP has elected not to recognize lease assets and lease liabilities with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – BATP elected to use its incremental borrowing as the discount rate when the rate implicit in a lease is not readily determinable.

Property and equipment are reported at cost, if purchased, or at fair market value at the date of gift, if donated. BATP 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. BATP 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*. Conditional contributions are subject to one or more barriers that must be overcome before BATP 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.

NOTE 2 – 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>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 568,997	\$ 643,297
Contributions receivable	569,431	717,597
Investments	<u>425,541</u>	<u>282,513</u>
Total financial assets	1,563,969	1,643,407
Less financial assets not available for general expenditure:		
Board-designated operating reserve	(405,898)	(566,988)
Board-designated capital maintenance reserve	(231,046)	
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>\$ 877,025</u>	<u>\$ 1,026,419</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 general operating and capital maintenance reserves. These funds could be made available for current operations at the Board of Directors' discretion.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows:

	<u>2023</u>	<u>2022</u>
Receivables from government agencies	\$ 407,869	\$ 619,202
Receivables from others	<u>161,562</u>	<u>98,395</u>
Total contributions receivable	<u>\$ 569,431</u>	<u>\$ 717,597</u>

All contributions receivable at December 31, 2023 are expected to be collected within one year.

At December 31, 2023, BATP has a conditional contribution of approximately \$192,000 from United Way of Greater Houston (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, 2023, BATP has approximately \$1,600,000 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 4 – 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, 2023 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)		\$ 61,423		\$ 61,423
TPF Large-Cap Equity Pooled Fund (b)		51,314		51,314
TPF International Equity Pooled Fund (c)		17,777		17,777
TPF Small-Cap Equity Pooled Fund (d)		13,606		13,606
TPF Emerging Markets Equity Pooled Fund (e)		8,906		8,906
TPF Real Assets Pooled Fund (f)		8,846		8,846
TPF Diversified Strategies Pooled Fund (g)		8,677		8,677
TPF Real Estate Investment Pooled Fund (h)		7,954		7,954
TPF Money Market Mutual Fund (i)		382		382
Money market mutual funds	\$ 135,394			135,394
Total assets measured at fair value	\$ 135,394	\$ 178,885	\$ 0	314,279
Certificates of deposit – non-negotiable				111,262
Total investments				\$ 425,541

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
Money market mutual funds	\$ 19,589			19,589
Total assets measured at fair value	\$ 19,589	\$ 154,505	\$ 0	174,094
Certificates of deposit – non-negotiable				108,419
Total investments				\$ 282,513

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 Depositary 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 non-profit foundation that holds and manages the pooled investments.
- *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 5 – OPERATING LEASE

In July 2023, BATP executed a non-cancellable lease agreement for office space for the period from August 1, 2023 through October 31, 2028. In 2023, cash outflows associated with the lease were approximately \$13,000. The remaining lease term for the lease as of December 31, 2023 is 58 months. The discount rate associated with the lease is 8.50%.

The components of lease cost are as follows:

	<u>2023</u>	<u>2022</u>
Short-term lease costs	\$ 102,901	\$ 135,089
Operating lease costs	<u>32,143</u>	<u></u>
Total lease costs	<u>\$ 135,044</u>	<u>\$ 135,089</u>

Reconciliation of undiscounted cash flows related to operating leases to the discounted amount reported in the statement of financial position as of December 31, 2023 is as follows:

2024	\$ 78,387
2025	79,788
2026	81,199
2027	82,663
2028	<u>69,934</u>
Total minimum lease payments	391,971
Discount	<u>(70,102)</u>
Total discount present value of lease liability	<u>\$ 321,869</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Building	\$ 2,291,151	\$ 2,222,750
Computer and other office equipment	567,218	504,542
Vehicles	129,173	83,438
Land	125,393	125,393
Furniture and fixtures	<u>108,733</u>	<u>106,005</u>
Total property and equipment, at cost	3,221,668	3,042,128
Accumulated depreciation	<u>(1,762,073)</u>	<u>(1,673,864)</u>
Property and equipment, net	<u>\$ 1,459,595</u>	<u>\$ 1,368,264</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are designated as follows:

	<u>2023</u>	<u>2022</u>
Property and equipment, net	\$ 1,425,945	\$ 1,334,614
Board-designated operating reserve	405,898	566,988
Board-designated capital maintenance reserve	231,046	
Undesignated	<u>593,130</u>	<u>687,074</u>
Total net assets without donor restrictions	<u>\$ 2,656,019</u>	<u>\$ 2,588,676</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 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Condominium and related reserve fund	\$ 83,650	\$ 83,650
Victim Services Program		63,032
Other	<u>40,000</u>	<u>37,927</u>
Total subject to expenditure for specified purpose	123,650	184,609
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	<u>77,869</u>	<u>47,869</u>
Total net assets with donor restrictions	<u>\$ 201,519</u>	<u>\$ 232,478</u>

NOTE 9 – 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>2023</u>	<u>2022</u>
Federal government grants:		
U. S. Department of Treasury	\$ 928,806	\$ 214,184
U. S. Department of Health and Human Services	681,419	620,809
U. S. Department of Housing and Urban Development	609,494	844,481
U. S. Department of Justice	254,416	664,207
U. S. Department of Homeland Security	<u>19,079</u>	<u>5,499</u>
Total federal government grants	2,493,214	2,349,180
State and local government grants	<u>446,811</u>	<u>562,119</u>
Total government grants	<u>\$ 2,940,025</u>	<u>\$ 2,911,299</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 10 – 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 2023	FISCAL YEAR 2022
Clothing, furniture, household items and supplies	Utilized for program services	None	Fair value estimated based on items of similar type and condition.	\$453,647	\$365,111
Food	Utilized for program services	None	Fair value estimated based on similar goods.	\$43,228	\$32,745
Other	Utilized for program services, management and general and fundraising	None	Fair value estimated based on similar goods and services.	\$25,812	\$33,483
Total contributed nonfinancial assets				<u>\$522,687</u>	<u>\$431,339</u>

NOTE 11 – 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 \$30,470 in 2023 and \$30,070 in 2022.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 20, 2024, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
