

BACHMAN LAKE TOGETHER  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2021

BACHMAN LAKE TOGETHER

DECEMBER 31, 2021

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**LORI K. ORTA, P.C.**  
Certified Public Accountant

## Independent Auditor's Report

To the Board of Trustees  
Bachman Lake Together

### **Opinion**

We have audited the accompanying financial statements of Bachman Lake Together (a nonprofit corporation) (the “Organization”), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the statements of activities and changes in its net assets, its cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

*Lore K. Carter, P.C.*

Dallas, Texas  
March 1, 2023

Bachman Lake Together  
STATEMENT OF FINANCIAL POSITION  
December 31, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 376,957
Cash and cash equivalents - with donor restrictions	11,040
Contributions and grants receivable	7,083
Contributions and grants receivable - with donor restrictions	<u>50,000</u>
Total current assets	<u>445,080</u>
PROPERTY AND EQUIPMENT AT COST - NET	<u>40,304</u>
TOTAL ASSETS	<u><u>\$ 485,384</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	<u>\$ 19,947</u>
Total current liabilities	<u>19,947</u>
NET ASSETS	
Without donor restrictions	
Board designated	300,013
Undesignated	<u>104,384</u>
Total without donor restrictions	404,397
With donor restrictions	<u>61,040</u>
Total net assets	<u>465,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 485,384</u></u>

The accompanying notes are an integral part of these financial statements.

Bachman Lake Together  
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
For the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUES</b>			
Contributions and grants	\$ 934,230	\$ 50,000	\$ 984,230
Program revenues	12,000	-	12,000
Contributed goods and services	144,000	-	144,000
Other income	18	-	18
Net assets released from restrictions	<u>129,435</u>	<u>(129,435)</u>	<u>-</u>
Total support and revenues	<u>1,219,683</u>	<u>(79,435)</u>	<u>1,140,248</u>
<b>EXPENSES</b>			
Program services			
The Family Center	715,107	-	715,107
Collective Impact	18,975	-	18,975
Community Action Network	14,328	-	14,328
Supportive services	<u>72,770</u>	<u>-</u>	<u>72,770</u>
Total program services	821,180	-	821,180
Supporting services			
Management and general	159,751	-	159,751
Fundraising	<u>87,488</u>	<u>-</u>	<u>87,488</u>
Total supporting services	<u>247,239</u>	<u>-</u>	<u>247,239</u>
Total expenses	<u>1,068,419</u>	<u>-</u>	<u>1,068,419</u>
Changes in net assets	151,264	(79,435)	71,829
NET ASSETS, at beginning of year	<u>253,133</u>	<u>140,475</u>	<u>393,608</u>
NET ASSETS, at end of year	<u><u>\$ 404,397</u></u>	<u><u>\$ 61,040</u></u>	<u><u>\$ 465,437</u></u>

The accompanying notes are an integral part of these financial statements.

Bachman Lake Together  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2021

Cash flows from operating activities	\$ 71,829
Changes in net assets	71,829
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	3,444
Changes in operating assets and liabilities, net	
Contributions and grants receivable	(7,083)
Contributions and grants receivable - with donor restrictions	(50,000)
Accounts payable	(4,217)
Refundable advance	(50,416)
Net cash used in operating activities	<u>(36,443)</u>
 Cash flows from investing activities	
Acquisition of property and equipment	<u>(3,120)</u>
Net cash used in investing activities	<u>(3,120)</u>
 DECREASE IN CASH AND CASH EQUIVALENTS	(39,563)
 Cash and cash equivalents, at beginning of year	<u>427,560</u>
 Cash and cash equivalents, at end of year	<u>\$ 387,997</u>
 Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:	
Cash and cash equivalents	\$ 376,957
Cash and cash equivalents - with donor restrictions	<u>11,040</u>
Total cash and cash equivalents shown in the statement of cash flows	<u>\$ 387,997</u>

The accompanying notes are an integral part of these financial statements.

Bachman Lake Together  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021

	Program Services				Supporting Services				Total
	The Family Center	Collective Impact	Community Action Network	Supportive Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and benefits	\$ 413,607	\$ -	\$ -	\$ -	\$ 413,607	\$ 103,262	\$ -	\$ 103,262	\$ 516,869
Rent expense	142,589	-	-	-	142,589	1,411	-	1,411	144,000
Professional services	60,182	-	-	-	60,182	14,119	56,629	70,748	130,930
Program operations	2,426	18,975	14,328	72,770	108,499	-	-	-	108,499
Repairs and maintenance	51,046	-	-	-	51,046	506	-	506	51,552
Utilities	27,222	-	-	-	27,222	3,919	-	3,919	31,141
Marketing	-	-	-	-	-	-	26,881	26,881	26,881
Other	10,721	-	-	-	10,721	4,189	3,978	8,167	18,888
Insurance expense	-	-	-	-	-	18,409	-	18,409	18,409
Information technology	-	-	-	-	-	12,946	-	12,946	12,946
Depreciation expense	3,410	-	-	-	3,410	34	-	34	3,444
Supplies	1,298	-	-	-	1,298	946	-	946	2,244
Printing and postage	1,624	-	-	-	1,624	-	-	-	1,624
Property taxes	982	-	-	-	982	10	-	10	992
	<u>\$ 715,107</u>	<u>\$ 18,975</u>	<u>\$ 14,328</u>	<u>\$ 72,770</u>	<u>\$ 821,180</u>	<u>\$ 159,751</u>	<u>\$ 87,488</u>	<u>\$ 247,239</u>	<u>\$ 1,068,419</u>

The accompanying notes are an integral part of these financial statements.



Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Bachman Lake Together (the “Organization”) is a Texas non-profit corporation, established in 2016 and was fiscally sponsored by The Dallas Foundation. In 2020, the Organization became an independent 501(c)(3) organization. The Organization is organized and operated to ensure that children are physically, emotionally, socially and intellectually ready for school by age five, and support parents and caregivers to prepare their children for success in school and encourage a culture which fosters the conditional for school readiness for children in the Bachman Lake area of Dallas, Texas. The Organization is supported primarily by contributions and grants. The Organization’s programs are as follows:

The Family Center – The Family Center was opened in 2016 and has become a hub where two of the Organization’s constituent groups, families and program partners, come together to build community and make tangible progress toward kindergarten readiness for all Bachman Lake children. The Family Center is the long-term home for the Bachman Lake Community School, operated by Lumin Education, Together We Learn, operated by Catholic Charities Dallas, and the Community Action Network, operated by Bachman Lake Together. See Note 6. The Family Center also hosts a rotation of short-term programs and events aimed at promoting education and family well-being and serves as a convening space for the collective impact.

Collective Impact – The Organization drives forward a collective impact initiative made up of diverse stakeholders for whom kindergarten readiness is a priority, including schools, parents, community members, service providers, and more. The main components of this initiative are a Strategy Steering Committee (“SSC”), three Working Groups, and a backbone team. The SSC engages in cross-sector communication and articulates the priorities for the Working Groups to execute. The Working Groups then develop an in-depth understanding of the challenge they have been tasked to address, develop new strategies that effectively address the challenge, and drive implementation of those strategies. The Working Groups also monitor their progress with data and evaluation and improve their strategies based on what they learn. SSC and Working Group members include parent leaders and representatives from local programs and educational institutions. The backbone team, made up of the Organization’s staff, orchestrates the moving parts of this collective effort. This involves managing a common agenda, creating shared learning, aligning a plan of action, and ensuring constant communication and coordination among service providers. This collective impact efforts are designed to serve all children between the ages of zero and five who live in the 75220 zip code and their families.

Community Action Network – The Community Action Network (“CAN”) has supported the Bachman Lake community by developing parent leaders who work to ensure that every child in the 75220 zip code is ready for kindergarten. CAN participants, often immigrants who are new to the city of Dallas, begin their journey by learning about the importance of early education and the U.S. education system. CAN participants then go on to participate in volunteer projects and hold leadership positions that further advance the mission of the Organization. Three general objectives have been defined for CAN participants:

1. Participants will develop an understanding of what it means to be a parent leader and will be able to explain what leadership means to new members.
2. Participants will grow and apply their own parent leadership capabilities as demonstrated by effectively volunteering and filling key leadership roles within the kindergarten readiness movement thereby spreading awareness of parent leadership, early education, and family well-being opportunities throughout the Bachman Lake community.
3. Participants will create new parent leaders by mentoring new members and coaching them through their own leadership development.

Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Business (Continued)

Supportive Services – In addition to operating the Collective Impact, CAN, and the Family Center, the Organization also delivers and/or provides access to a myriad of supportive services to our families and partners. These include but are not limited to mental health services, child care, translation and interpretation, recruiting and enrollment, material distribution (e.g., mobile food pantries, school supplies), information distribution, and community activation (for example, 2020 Census campaign).

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (the “Board”) as reserve funds. See Note 3.

Net assets with donor restrictions - Net assets subject to donor-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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class. See Note 4.

Liquidity and Availability

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. See Note 2.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The FDIC deposit insurance insures deposits up to \$250,000 per deposit, per insured bank for each ownership category. The Organization maintains cash balances at a financial institution in Dallas, Texas. As of December 31, 2021, the Organization had uninsured cash and cash equivalents of approximately \$138,000.

Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give from various donors. Management believes that all amounts will be received when due and that no allowance for uncollectible receivables is necessary.

Property and Equipment

Property and equipment are recorded at cost if purchased or at estimated fair value at the date of donation. The Organization capitalizes expenditures for property and equipment in excess of \$1,000 and with an estimated useful life greater than one year. Contributed assets are recorded at fair value. Depreciation and amortization of property and equipment is computed on a straight-line basis over estimated useful lives as follows:

	<u>Estimated Lives</u>
Modular building	20 years
Furniture and fixtures	3 - 5 years

Maintenance and repairs are charged to expenses when incurred.

Financial Instruments

The carrying value of cash and cash equivalents, contributions and grants receivable and accounts payable approximate fair value due to the short-term maturities of these assets and liabilities.

Revenue Recognition

The Organization recognizes contributions and grants when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Amounts received prior to the conditions being met are reported as refundable advances in the statement of financial positions.

Contributed Goods and Services

Contributed assets are reflected as contributions in the accompanying financial statements at their estimated values on the dates of receipt. Contributed services are reflected in the financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed assets and services are donated to the Organization by various individuals, corporations, and other organizations. See Note 5.

Many individuals volunteer their time and perform a variety of tasks that help the Organization's programs and production. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the above criteria.

Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Rent, utilities, and supplies	Square footage
Depreciation	Use of asset

Estimates

The preparation of the financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, except to the extent it has unrelated business income. For the years ended December 31, 2021, the Organization had no material unrelated business income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization has concluded that it does not have any unrecognized tax benefits resulting from the current or prior period tax positions. Accordingly, no additional disclosures have been made on the financial statements regarding ASC 740, *Income Taxes*. The Organization does not have any outstanding interest and penalties, and none have been recorded in the statement of activities and change in net assets for the year ended December 31, 2021. The Organization's informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. The Organization filed their first form 990 return for year ended December 31, 2021 and is awaiting acceptance by the IRS.

2. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of donor-imposed restrictions and board designations within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following years.

Financial assets	
Cash and cash equivalents	\$ 376,957
Cash and cash equivalents – with donor restrictions	11,040
Contributions and grants receivable	7,083
Contributions and grants receivable – with donor restrictions	50,000
Total financial assets	445,080
Less amounts not available to be used within one year, due to	
Designated by the Board for operating reserve	(300,013)
Financial assets available to meet general expenditures within one year	\$ 145,067

Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY (Continued)

As a part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization's Board has designated an operating reserve. See Note 3.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

Modular building	\$ 37,590
Furniture and fixtures	<u>6,902</u>
	44,492
Less accumulated depreciation	<u>(4,188)</u>
Total property and equipment at cost-net	<u>\$ 40,304</u>

Depreciation expense for the year ended December 31, 2021 was \$3,444.

3. BOARD DESIGNATED NET ASSETS

The Board has designated \$300,013 from net assets without donor restrictions as an operating reserve at December 31, 2021. The operating reserve is based on a target minimum of three months of standard expenses which is \$180,000. The calculation of average monthly standard expenses is based on approximately \$60,000 per month.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to passage of time	\$ 50,000
Subject to expenditure for specified purpose:	
Programmatic expenses	<u>11,040</u>
	<u>\$ 61,040</u>

Released from net assets with donor restrictions consisted of the following for the years ended December 31, 2021:

Subject to expenditure for specified purpose:	
Programmatic expenses	<u>\$ 129,435</u>

5. CONTRIBUTED GOODS AND SERVICES

The value of contributed goods and services is as follows for the year ended December 31, 2021:

Rent expense	<u>\$ 144,000</u>
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Bachman Lake Together  
NOTES TO FINANCIAL STATEMENTS

6. LEASES

Effective January 1, 2021, the Organization entered into a one-year lease with Lumin Education ending on December 31, 2021, for property permitted for housing and programming of family and child-based organization within the design of Lumin Education's master plan at no charge. The Organization recognizes the value of contributed rent. See Note 5 and Note 9.

Effective June 1, 2021, the Organization entered into a one-year lease with Catholic Charities of Dallas ending May 31, 2022, for classroom and/or office space permitted for educational purposes at no charge. The Organization recognizes the value of contributed rent. See Note 5 and Note 9.

7. CONCENTRATIONS

For the year ended December 31, 2021, revenues from two donors comprised approximately 23% of total contributions and grants revenue. At December 31, 2021, 88% of contributions and grants receivable was from one donor.

8. RISKS, ECONOMIC OUTLOOK AND UNCERTAINTIES

The Organization depends heavily on contributions and grants for its revenue. The ability of the donors to continue giving amounts comparable with prior years may be dependent, among other things, upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations to the Organization. While management believes the Organization has the resources to continue its program, its ability to do so and the extent to which it continues may be dependent on the above factors.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

9. SUBSEQUENT EVENTS

Subsequent to year end, the Organization's leases with Lumin Education and Catholic Charities of Dallas continued on a month-to-month basis without formal amendments or extension to the initial agreements.

In connection with the preparation of the financial statements, subsequent events have been evaluated by the Organization through March 1, 2023, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.