Alliance for Children's Rights

Financial Statements

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alliance for Children's Rights

We have audited the accompanying financial statements of Alliance for Children's Rights (the Alliance), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Alliance'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 Alliance'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Comparative Information

The financial statements of Alliance for Children's Rights as of March 31, 2020 were audited by other auditors whose report dated June 29, 2020 expressed an unmodified opinion on those statements.

Windes, Inc.

Long Beach, California
June 24, 2021

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

ASSETS

	2021	2020
ASSETS		
Cash and cash equivalents	$ 2,372,931	$ 2,144,101
Investments	12,612,285	8,792,839
Contributions and grants receivable	2,903,221	2,847,290
Prepaid expenses and other assets	178,309	149,795
Furniture and equipment, net	247,918	133,833
TOTAL ASSETS	$ 18,314,664	$ 14,067,858

LIABILITIES AND NET ASSETS

	2021	2020
LIABILITIES		
Accounts payable and accrued expenses	$ 361,153	$ 249,772
Agency payables	58,334	211,667
PPP loan advance	758,400	-
Total liabilities	1,177,887	461,439
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
NET ASSETS		
Without donor restrictions		
Undesignated	3,103,951	1,705,728
Board-designated for programs	6,500,000	5,000,000
Board-designated endowment	4,000,000	3,250,000
	13,603,951	9,955,728
With donor restrictions	3,532,826	3,650,691
Total net assets	17,136,777	13,606,419
TOTAL LIABILITIES AND NET ASSETS	$ 18,314,664	$ 14,067,858

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

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Contributed legal services	$ 11,992,719	$ -	$ 11,992,719
Contributions and grants	2,352,728	4,344,194	6,696,922
In-kind contributed goods	15,066	-	15,066
Special events, net of direct benefits to donors of $40,169	1,421,113	-	1,421,113
Net assets released from restrictions	4,462,059	(4,462,059)	-
Total revenue, gains, and other support	20,243,685	(117,865)	20,125,820
EXPENSES			
Program services	16,980,880	-	16,980,880
Management and general	801,247	-	801,247
Fundraising and development	692,121	-	692,121
Total expenses	18,474,248	-	18,474,248
CHANGE IN NET ASSETS FROM OPERATIONS	1,769,437	(117,865)	1,651,572
NONOPERATING ACTIVITIES			
Net investment income	1,878,786	-	1,878,786
	1,878,786	-	1,878,786
CHANGE IN NET ASSETS	3,648,223	(117,865)	3,530,358
NET ASSETS, BEGINNING OF YEAR	9,955,728	3,650,691	13,606,419
NET ASSETS, END OF YEAR	$ 13,603,951	$ 3,532,826	$ 17,136,777

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

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Contributed legal services	$ 11,672,280	$ -	$ 11,672,280
Contributions and grants	1,738,148	4,955,717	6,693,865
In-kind contributed goods	20,078	-	20,078
Special events, net of direct benefits to donors of $315,770	1,532,622	-	1,532,622
Net assets released from restrictions	3,261,827	(3,261,827)	-
Total revenue, gains, and other support	18,224,955	1,693,890	19,918,845
EXPENSES			
Program services	16,151,749	-	16,151,749
Management and general	772,402	-	772,402
Fundraising and development	583,930	-	583,930
Total expenses	17,508,081	-	17,508,081
CHANGE IN NET ASSETS FROM OPERATIONS	716,874	1,693,890	2,410,764
NONOPERATING ACTIVITIES			
Net investment loss	(71,736)	-	(71,736)
	(71,736)	-	(71,736)
CHANGE IN NET ASSETS	645,138	1,693,890	2,339,028
NET ASSETS, BEGINNING OF YEAR	9,310,590	1,956,801	11,267,391
NET ASSETS, END OF YEAR	$ 9,955,728	$ 3,650,691	$ 13,606,419

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

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	Program Services	Management and General	Fundraising and Development	Total
Contributed legal services	$ 11,992,719	$ -	$ -	$ 11,992,719
Salaries, taxes, and benefits	4,047,382	628,425	522,512	5,198,319
Occupancy	336,888	44,720	40,032	421,640
Outside Services: IT, Web, Contractors	255,469	42,927	78,449	376,845
Telephone	76,274	11,423	9,086	96,783
Printing, postage, and office	64,945	20,880	7,831	93,656
Professional dues, training, and library	47,694	6,746	19,935	74,375
Insurance	53,140	5,255	6,257	64,652
Depreciation	49,226	6,854	6,231	62,311
Other	6,480	24,010	-	30,490
Client assessments and services	17,822	586	500	18,908
Youth development services	17,919	-	-	17,919
Contributed goods	12,596	1,293	1,177	15,066
Mileage, travel, and recognition	1,600	8,128	111	9,839
Community training and seminars	666	-	-	666
Intern, volunteer, and pro bono program	60	-	-	60
	$ 16,980,880	$ 801,247	$ 692,121	$ 18,474,248

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

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	Program Services	Management and General	Fundraising and Development	Total
Contributed legal services	$ 11,672,280	$ -	$ -	$ 11,672,280
Salaries, taxes, and benefits	3,509,088	632,457	414,222	4,555,767
Occupancy	318,256	41,457	33,651	393,364
Outside Services: IT, Web, Contractors	209,868	28,093	98,733	336,694
Telephone	24,898	3,931	2,642	31,471
Printing, postage, and office	93,737	17,492	9,983	121,212
Professional dues, training, and library	41,009	3,941	8,733	53,683
Insurance	47,199	5,758	5,670	58,627
Depreciation	37,575	5,233	4,756	47,564
Other	6,487	23,553	-	30,040
Client assessments and services	18,259	237	61	18,557
Youth development services	23,657	-	189	23,846
Contributed goods	20,078	-	-	20,078
Mileage, travel, and recognition	72,567	9,380	4,905	86,852
Community training and seminars	37,461	-	-	37,461
Intern, volunteer, and pro bono program	19,330	870	385	20,585
	$ 16,151,749	$ 772,402	$ 583,930	$ 17,508,081

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

ALLIANCE FOR CHILDREN'S RIGHTS

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,530,358	$ 2,339,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,311	47,564
Realized and unrealized (gains) losses on investments	(1,731,335)	238,849
Noncash contributions of investments	(1,133,166)	
Proceeds from sale of contributed investments	1,150,663	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	(55,931)	(1,249,517)
Prepaid expenses and other assets	(28,514)	(342)
Accounts payable and accrued expenses	111,381	61,459
Agency payables	(153,333)	(263,333)
Net Cash Provided By Operating Activities	1,752,434	1,173,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(176,396)	(40,169)
Purchases of investments	(2,105,608)	(1,054,525)
Proceeds from sale of investments	-	128,171
Net Cash Used In Investing Activities	(2,282,004)	(966,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan advance	758,400	-
Net Cash Provided By Financing Activities	758,400	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	228,830	207,185
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,144,101	1,936,916
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,372,931	$ 2,144,101

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

NOTE 1 – Organization

The Alliance for Children's Rights (the Alliance) protects the rights of impoverished, abused, and neglected children and youth. By providing free legal services and advocacy, the Alliance ensures that children have safe, stable homes, healthcare and the education they need to thrive. For many of our clients, the Alliance is the only connection to a safer, brighter future. More than a quarter of all children in Los Angeles County live in poverty, and there are more children in foster care here than anywhere else in the country. During the last fiscal year the Alliance handled 5,948 cases for children and young adults who needed our services. Since its founding in 1992, the Alliance has improved the lives of more than 150,000 clients, providing them with permanency through adoption and legal guardianship, access to healthcare and critical supports, and championing their education needs and rights.

The Alliance's dedicated staff includes lawyers, social workers, trainers, and advocates, supplemented by pro bono attorneys and other volunteers who donate their time and talents to help these vulnerable children. Volunteers are essential in carrying out the Alliance's mission. The Alliance depends on the generosity of these volunteers to provide free legal assistance to children in need of guardianships, adoption, health care, special education, public benefits, and other critical services. As the number of children that the Alliance helps grows, so have efforts to expand recruiting, training and supervise more volunteer law firms, attorneys, summer associates, paralegals, interns, and other volunteers. The Alliance has trained over 10,000 court staff, agency personnel, school officials, caregivers and youth, and other community partners to help them better provide for young people in foster care. Currently, the Alliance has relationships with over 600 attorneys, legal interns, and paralegals. For the years ended on March 31, 2021 and March 31, 2020, there were, respectively, 23,107 and 26,550 hours of pro bono legal services provided.

The Alliance receives significant support from its Board of Directors in the form of contributions and volunteer activities. During the year ended March 31, 2021, members of the board of directors contributed approximately $340,000 in support of the Alliance's operations and program activity.

NOTE 1 – Organization (Continued)

The following programs are essential in realizing the Alliance's vision of a world in which all children have safe, permanent families with the support they need to thrive:

Adoption

Children in foster care have a tremendous need for a stable home. Completing adoptions creates permanent, nurturin9g homes for these children. Working with the adoptive families to identify the children's legal, health, educational, and financial needs, the Alliance also overcomes barriers to these children receiving the therapies and benefits they need. With the help of pro bono attorneys, the Alliance completes approximately one-third of all adoptions out of foster care in Los Angeles County, and also obtains the services necessary to stabilize the new families. With its Adoption Day program as a model, the Alliance co-created National Adoption Day, which now is celebrated in every state in the country.

Guardianship

Adoption is not the only means through which children who cannot remain with their parents find stable, loving caregivers. The Alliance assists relatives and family friends to become legal guardians through the probate court, providing children with the stability of a family and with guardians who are authorized to provide for their medical care, education, and wellbeing. The Alliance and its pro bono attorneys help hundreds of low-income caregivers become legal guardians and gain access to services and support each year.

Public Benefits and Services

Caregivers, particularly relatives, who step up to provide for children in foster care often have limited resources and can become overwhelmed with their new responsibilities, putting the children's essential stability at risk. The Alliance obtains appropriate funding and services for these children so that caregivers can provide them with basic necessities and access critical services, such as specialized medical equipment and therapies, counseling, childcare, educational services, and respite care. Securing these resources can often mean the difference between permanent, safe homes and struggling, unstable ones.

NOTE 1 – Organization (Continued)

Healthcare

A child's illness can be emotionally and financially devastating for any family and, for families already living in poverty, the challenges are even greater. The Alliance helps children facing Medi-Cal eligibility problems, treatment denials and inadequate access to physicians, dentists, and mental health services. The Alliance also protects the rights of expecting and parenting teens in foster care to healthcare, and to sexual and reproductive health education, so that they have the resources and support they need to be good parents and break the inter-generational cycle of children being removed from young parents in foster care.

Education

More than half of all children in foster care have learning disabilities or developmental delays. This, combined with frequent moves and school changes, results in a 50% school drop-out rate. The Alliance levels the playing field for these children by advocating for them to receive assessments, education services, and therapies tailored to meet their special needs. Evidence shows that reaching children at a young age will improve their healthy development and reduce the need for special education and mental health services later. In response, the Alliance created the Saltz Family Early Intervention Center which increases access to treatments and services for hundreds of children ages 0 - 5 every year. The Alliance also works to keep youth succeeding in school and on track for high school graduation, by training educators who work with students recovering from trauma, and by ensuring they are receiving appropriate credits, tutoring, transportation, and other services to support their education, even when they must change schools.

Transition-Age Youth (TAY) Services

Every year, hundreds of young people "age out" of the foster care system in Los Angeles without a permanent family, adequate assistance, or preparation. The Alliance provides targeted support to those youth ages 14 through 25, empowering them with legal advocacy, connection to resources, skill building workshops, and mentoring to overcome barriers to employment, education, housing, and healthcare. The Alliance assists youth who have experienced identity thefts and financial frauds, and advocates for high-needs foster youth, including pregnant and parenting teens and youth who cross into the delinquency system. For youth with disabilities, the Alliance secures SSI benefits to pay for housing and medical care to help them avoid homelessness. Together with pro bono attorneys, community volunteers and mentors, the Alliance is improving outcomes for these youth.

NOTE 1 – Organization (Continued)

System-Wide Reform

The Alliance works at the state and local levels to develop and implement policies and practices that improve the lives and well-being of children and young adults in our child welfare systems. Through its work with a high volume of individual clients, as well as through collaboration with legal services programs and support centers across the state, the Alliance is able to recognize trends, identify systemic issues and pursue reform through litigation, legislative, or administrative advocacy in order to improve outcomes and promote the well-being of children and families. The Alliance also conducts training and support for child welfare, legal, educational, medical, and social service providers on the needs and rights of our communities' children and young adults, available resources to assist them, and best practices to promote their wellbeing.

Opportunity Youth Collaborative

The Los Angeles Opportunity Youth Collaborative (LA OYC), led by the Alliance, is a collective effort to improve the education and employment opportunities for transition age foster youth from ages 14 through 24. Too often, efforts to support young people's transition from foster care to independence fall short, due to service gaps and lack of coordination among public and private organizations. To overcome those gaps, the LA OYC brings together public and private agencies, community-based organizations, foundations, educational institutions, and employers to address the barriers that impede foster youth and create pathways for them to achieve success in school and at work. By aligning services, sharing information, identifying best practices, incorporating the voices of foster youth in solutions that affect them, and building the capacity of agencies with training and support, the LA OYC is building partnerships to help foster youth succeed in their education and careers.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

The Alliance reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Alliance and changes therein are classified and reported as follows:

> ***Without donor restrictions*** - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment and for program use.
>
> ***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. The Alliance does not have any net assets that are restricted in perpetuity.

Cash and Cash Equivalents

The Alliance considers all cash and highly liquid financial instruments with purchased with maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments

The Alliance records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Contributions and Grants Receivable

The Alliance records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Alliance determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Management has determined no allowance was needed at March 31, 2021 and 2020.

Furniture and Equipment

The Alliance records furniture and equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Agency Payables

The Alliance acts as an agent for specific grants received and designated for collaborations with certain nonprofit organizations and, as such, does not recognize those amounts as revenue. Upon receipt of such funding, the Alliance records an asset and corresponding liability until the funds are transferred in accordance with the grant provisions.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are 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 are substantially met. Revenues received from special event ticket sales and sponsorships are recorded in the year in which the event is held. Direct event expenses are reported in the year in which the event is held and include event planning and event site services.

Contributed Services

Contributed services are recognized by the Alliance if the services received (a) create or enhance long-lived 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. The volunteer attorneys, summer associates, and paralegals complete timesheets to report the hours spent working with Alliance children and families. To estimate the hourly rates, the Alliance uses an average of all firms blended rates reported.

The Alliance also receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Special event costs of $40,169 and $315,770, which represent the direct benefit to donors, are netted with special event revenue in the statements of activities for the years ended March 31, 2021 and 2020, respectively. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. Occupancy costs are allocated based on square footage utilized by personnel working on the programs. Expenses that are associated with more than one program or supporting service are allocated based on time spent.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Impairment of Long-lived Assets

The Alliance reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of March 31, 2021, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable.

Income Taxes

The Alliance is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Alliance is subject to income taxes on any net income that is derived from trade or business regularly carried on and not in the furtherance of the purposes for which it was granted exemption. Management believes that the Alliance has not received income from any unrelated trade or business and, as such, no income tax provision has been recorded on the Alliance's financial statements.

The Alliance recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Alliance has not recorded any uncertain tax positions. The Alliance recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. The Alliance is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Instruments and Concentration of Credit Risk

Financial instruments that potentially subject the Alliance to credit risk at March 31, 2021 and 2020, consist primarily of cash and cash equivalents, investments, and receivables. The Alliance manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Alliance to be creditworthy. At times, amounts on deposit may exceed FDIC-insured limits. To date, the Alliance has not experienced losses in any of these accounts. The investments are exposed to various risks such as interest rate, market volatility and credit. Due to the level of risk associated with certain investments, it is possible that a change in the value of these investments could occur in the near term and that such a change could be material. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, corporations, and foundations supportive of the Alliance's mission.

For the year ended March 31, 2021, contributions from three donors accounted for 40% of total contributions. Additionally, contributed legal services from one law firm represented 14% of total contributed legal services.

As of March 31, 2021 and 2020, 74% and 92% of outstanding contributions receivable were attributable to four and three organizations, respectively.

Fair Value of Financial Instruments

U.S. GAAP defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

In addition to defining fair value, U.S. GAAP expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Alliance can access at the measurement date.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 Unobservable inputs for the asset or liability. In these situations, the Alliance develops inputs using the best information available in the circumstances.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, which is the Alliance's policy. For the years ended March 31, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued new lease accounting guidance ASU 2016-02, *Leases* (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and functional expenses. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods withing those fiscal years. The Alliance is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Alliance is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated significant events or transactions that have occurred since the balance sheet date through June 24, 2021, which represents the date that the financial statements were available to be issued.

NOTE 3 – Financial Assets and Liquidity Resources

The following table reflects the Alliance's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date due to donor restrictions or internal board designations for the years ended March 31, 2021 and 2020.

	2021	2020
Cash and cash equivalents	$ 2,372,931	$ 2,144,101
Investments	12,612,285	8,792,839
Contributions and grants receivable	2,903,221	2,847,290
Total financial assets	17,888,437	13,784,230
Board designated for programs	(6,500,000)	(5,000,000)
Board designated endowment funds	(4,000,000)	(3,250,000)
Donor-restricted for specific programs	(2,563,676)	(3,271,688)
Long-term grants for core programming	(325,000)	(700,000)
	$ 4,499,761	$ 1,562,542

The Alliance considers the donor contributions restricted for core programming to be available to meet cash needs for general expenditures as they are ongoing, major, and central to its annual operations. As such, they have not been included as a reduction of assets available to meet general expenditures.

The Alliance manages its liquidity and reserves by following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged.

NOTE 3 - Financial Assets and Liquidity Resources (Continued)

Although the Alliance does not intend to spend from the board-designated funds, in the event the need arises to utilize the board-designated funds for liquidity purposes, the board-designated funds could be drawn upon through board resolution.

NOTE 4 - Investments

Assets measured at fair value on a recurring basis at March 31, 2021 consisted of the following:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,667,817	$ -	$ -	$ 2,667,817
Equity securities	4,707,395	-	-	4,707,395
Fixed income	-	5,237,073	-	5,237,073
Total	$ 7,375,212	$ 5,237,073	$ -	$ 12,612,285

Assets measured at fair value on a recurring basis at March 31, 2020 consisted of the following:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 2,241,759	$ -	$ -	$ 2,241,759
Equity securities	2,963,827	-	-	2,963,827
Fixed income	-	3,587,253	-	3,587,253
Total	$ 5,205,586	$ 3,587,253	$ -	$ 8,792,839

ALLIANCE FOR CHILDREN'S RIGHTS

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NOTE 5 – Contributions and Grants Receivable

Contributions and grants receivable as of March 31, 2021 are expected to be realized in the following periods:

Due within one year	$ 2,440,295
Due in one to five years	462,926
	$ 2,903,221

A discount on contributions receivable amounts that are expected to be collected after one year has not been included as the amount is not deemed material.

NOTE 6 – Furniture and Equipment

Furniture and equipment consists of the following:

	March 31, 2021	March 31, 2020
Furniture and equipment	$ 913,941	$ 737,546
Less accumulated depreciation	(666,023)	(603,713)
	$ 247,918	$ 133,833

NOTE 7 – PPP Loan Advance

In March 2020, Congress passed the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

On April 20, 2020, the Alliance received a loan in the amount of $758,400 through the PPP. On April 16, 2021, the Small Business Administration (SBA) approved forgiveness of the PPP loan in full. The Alliance will recognize income from the forgiveness of the PPP loan during the year ended March 31, 2022.

NOTE 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	March 31, 2020	Additions	Releases	March 31, 2021
Adoption	$ 280,886	$ 171,446	$ (325,548)	$ 126,784
Benefits	284,964	251,240	(345,097)	191,107
Core grants	379,003	1,770,554	(1,180,406)	969,151
Education	799,852	449,129	(810,869)	438,112
Guardianship	90,310	111,844	(125,770)	76,384
Healthcare	84,523	112,499	(161,606)	35,416
LA OYC	547,943	571,099	(611,908)	507,134
Policy	496,956	294,000	(346,776)	441,180
Pro Bono & Community Services	-	56,352	(14,088)	42,264
Transition-Age Youth (TAY) Services	686,254	556,031	(539,991)	702,294
Total	$ 3,650,691	$ 4,344,194	$ (4,462,059)	$ 3,532,826

NOTE 9 – Commitments and Contingencies

The Alliance leases space under an operating lease expiring in March 2022. The future estimated minimum lease payments required under this operating lease agreement for the year ended March 31, 2022 total $376,509. Rent expense under operating leases for the years ended March 31, 2021 and 2020 amounted to $421,640 and $393,364, respectively.

Business Risks Associated with the Impact of COVID-19

Since the World Health Organization declared COVID-19 a global pandemic on March 11, 2020, the Alliance transitioned to remote operations in order to protect the health and safety of its clients, staff, and the community.

NOTE 9 – Commitments and Contingencies (Continued)

Business Risks Associated with the Impact of COVID-19 (Continued)

The Alliance has continued to operate remotely to provide direct services to clients in urgent need. Through electronic and telephone communications, it has continued to open cases and assist youth and families with housing, education, benefits, healthcare, and other vital legal needs. The Alliance has also continued to advocate for emergency policy reforms to address youth and families' current needs and barriers.

The Alliance's resource page contains crucial information for the community about COVID-19 such as food assistance, health resources including COVID-19 vaccination and testing, education and distance learning, child welfare and benefits, as well as Federal, State, and County orders. The Alliance's fact sheets on COVID-19, unemployment benefits, and stimulus checks have reached more than 22,000 people across 26 states. In addition, the Alliance has led trainings and workshops to over 6,000 caregivers, child welfare professionals, and educators.

For the coming year the Alliance anticipates a significant backlog of adoption, guardianship, and education cases that have been impacted by closed courts and schools. Moreover, the Alliance will continue to address the short-and long-term impacts of this crisis, including:

- advocating for educational services and therapies to address the learning loss experience by students with unique needs;
- advocating for youth transitioning out of foster care into a scarcity of jobs and housing; and
- campaigning for a more equitable and just child welfare system.

NOTE 10 – Employee Benefit Plan

The Alliance has a defined-contribution plan whereby the Alliance contributes three percent of the annual gross salaries of eligible employees. The employee benefit plan expense charged to operations for the years ended March 31, 2021 and 2020 was $97,125 and $87,686, respectively.