

*ANY BABY CAN OF
SAN ANTONIO, INC.*

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2019 AND 2018





Any Baby Can

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Any Baby Can



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Any Baby Can of San Antonio, Inc.
San Antonio, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Any Baby Can of San Antonio, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Any Baby Can of San Antonio, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A of the financial statements, in July 2018, Any Baby Can of San Antonio, Inc. adopted new accounting guidance from the Financial Accounting Standards Board Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations. The pronouncements replaces the three classes of net assets with two net classes, requires the reporting of expenses by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019 on our consideration of Any Baby Can of San Antonio 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 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 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 Any Baby Can of San Antonio, Inc.'s internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

October 29, 2019

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 769,799	\$ 993,418
Short-Term Investments	60,582	60,563
Accounts Receivable	393,401	411,068
Promises to Give Receivable	4,640	2,290
Employee Advance	900	-
Prepaid Expenses	39,788	41,272
Other Assets - Cemetery Plots	62,601	67,651
<i>Total Current Assets</i>	<u>1,331,711</u>	<u>1,576,262</u>
 <i>Endowment Funds:</i>		
Investments	1,306,786	1,688,287
<i>Total Endowment Funds</i>	<u>1,306,786</u>	<u>1,688,287</u>
 <i>Property and Equipment, Net</i>		
	<u>718,432</u>	<u>782,635</u>
TOTAL ASSETS	<u><u>\$ 3,356,929</u></u>	<u><u>\$ 4,047,184</u></u>
 LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 13,601	\$ 10,342
Salaries and Benefits Payable	123,541	153,349
Deferred Revenue	38,910	54,611
Current Portion of Lease Payable	11,820	15,024
<i>Total Current Liabilities</i>	<u>187,872</u>	<u>233,326</u>
 <i>Long-term Lease Payable</i>		
	<u>5,846</u>	<u>14,260</u>
<i>Total Liabilities</i>	<u>193,718</u>	<u>247,586</u>
 <i>Net Assets:</i>		
<i>Without Donor Restrictions</i>		
Available for Operations	210,249	224,561
Investment in Property & Equipment	700,766	753,351
Board Designated - Endowment	1,245,767	1,705,447
Board Designated - Other	62,601	67,651
<i>With Donor Restrictions</i>	943,828	1,048,588
<i>Total Net Assets</i>	<u>3,163,211</u>	<u>3,799,598</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,356,929</u></u>	<u><u>\$ 4,047,184</u></u>

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

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2019 Total
REVENUES, SUPPORT, AND OTHER			
<i>Revenues and Support:</i>			
Contributions	\$ 248,604	\$ 1,238,576	\$ 1,487,180
Contributions, In Kind	53,238	-	53,238
State and Federal Government Grants	222,541	-	222,541
Local Government Grants	68,641	-	68,641
Special Events, Net	275,814	-	275,814
Interest and Dividends	38,963	1,915	40,878
Realized Gain(Loss) on Investments	66,359	1,407	67,766
Unrealized Gain(Loss) on Investments	(46,707)	323	(46,384)
<i>Total Revenues and Support</i>	927,453	1,242,221	2,169,674
 Net Assets Released from Donor Restrictions	1,346,981	(1,346,981)	-
TOTAL REVENUES, SUPPORT, AND OTHER	2,274,434	(104,760)	2,169,674
 EXPENSES			
Program Services	2,314,630	-	2,314,630
Supporting Services:			
Management and General	222,546	-	222,546
Development	268,885	-	268,885
 TOTAL EXPENSES	2,806,061	-	2,806,061
 CHANGE IN NET ASSETS	(531,627)	(104,760)	(636,387)
 NET ASSETS - BEGINNING OF YEAR	2,751,010	1,048,588	3,799,598
 NET ASSETS - END OF YEAR	\$ 2,219,383	\$ 943,828	\$ 3,163,211

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

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	2018 Total
REVENUES, SUPPORT, AND OTHER			
<i>Revenues and Support:</i>			
Contributions	\$ 803,933	\$ 1,338,825	\$ 2,142,758
Contributions, In Kind	36,751	-	36,751
State and Federal Government Grants	307,031	-	307,031
Local Government Grants	100,533	-	100,533
Special Events, Net	288,333	-	288,333
Other Income	35	-	35
Interest and Dividends	31,814	2,650	34,464
Realized Gain(Loss) on Investments	24,002	1,668	25,670
Unrealized Gain(Loss) on Investments	57,988	2,956	60,944
<i>Total Revenues and Support</i>	1,650,420	1,346,099	2,996,519
Net Assets Released from Donor Restrictions	1,515,618	(1,515,618)	-
TOTAL REVENUES, SUPPORT, AND OTHER	3,166,038	(169,519)	2,996,519
EXPENSES			
Program Services	2,358,095	-	2,358,095
Supporting Services:			
Management and General	177,035	-	177,035
Development	300,095	-	300,095
TOTAL EXPENSES	2,835,225	-	2,835,225
CHANGE IN NET ASSETS	330,813	(169,519)	161,294
NET ASSETS - BEGINNING OF YEAR	2,420,197	1,218,107	3,638,304
NET ASSETS - END OF YEAR	\$ 2,751,010	\$ 1,048,588	\$ 3,799,598

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

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		2019 Total
		General & Administration	Development	
FUNCTIONAL EXPENSES				
<i>Personnel Costs:</i>				
Salaries	\$ 1,405,108	\$ 123,291	\$ 147,416	\$ 1,675,815
Benefits	206,201	16,467	19,188	241,856
Payroll Taxes	125,612	11,033	12,685	149,330
<i>Total Personnel Costs</i>	1,736,921	150,791	179,289	2,067,001
Advertising & Promotions	6,231	270	1,263	7,764
Audit Fees	12,752	4,310	1,688	18,750
Computer Support	41,594	1,697	4,496	47,787
Conference & Meetings	9,759	1,423	2,612	13,794
Counseling	10,920	-	-	10,920
Direct Assistance	141,014	-	-	141,014
Dues and Membership Fees	1,121	1,442	1,294	3,857
Insurance	17,772	1,336	1,562	20,670
Interest	-	3,406	-	3,406
Occupancy	69,006	7,709	7,235	83,950
Office Supplies & Administrative	24,525	4,173	3,267	31,965
Other Expenses	2,237	19,618	9,724	31,579
Postage & Shipping	9,307	1,259	6,752	17,318
Professional Fees	36,607	4,706	16,976	58,289
Printing & Program Materials	74,332	903	17,581	92,816
Stipends & Other Services	898	-	-	898
Telephone	36,648	8,580	3,520	48,748
Travel & Mileage	34,833	8	6,490	41,331
Depreciation	48,153	10,915	5,136	64,204
TOTAL FUNCTIONAL EXPENSES	\$ 2,314,630	\$ 222,546	\$ 268,885	\$ 2,806,061

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

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services		2018 Total
		General & Administration	Development	
FUNCTIONAL EXPENSES				
<i>Personnel Costs:</i>				
Salaries	\$ 1,417,571	\$ 71,774	\$ 164,569	\$ 1,653,914
Benefits	192,812	26,381	24,235	243,428
Payroll Taxes	124,706	6,134	13,824	144,664
<i>Total Personnel Costs</i>	1,735,089	104,289	202,628	2,042,006
Advertising & Promotions	6,307	371	1,472	8,150
Audit Fees	12,083	4,212	2,015	18,310
Computer Support	50,542	1,340	2,285	54,167
Conference & Meetings	19,070	5,252	7,069	31,391
Counseling	13,150	-	-	13,150
Direct Assistance	168,984	-	-	168,984
Dues and Membership Fees	1,453	1,090	747	3,290
Insurance	15,150	1,971	1,349	18,470
Interest	-	4,584	-	4,584
Occupancy	62,103	6,165	6,053	74,321
Office Supplies & Administrative	42,710	5,819	5,655	54,184
Other Expenses	2,487	19,770	9,562	31,819
Postage & Shipping	7,965	460	2,242	10,667
Professional Fees	56,860	794	27,948	85,602
Printing & Program Materials	30,423	2,785	14,411	47,619
Stipends & Other Services	986	-	-	986
Telephone	33,953	6,385	4,793	45,131
Travel & Mileage	47,716	174	6,419	54,309
Depreciation	51,064	11,574	5,447	68,085
TOTAL FUNCTIONAL EXPENSES	\$ 2,358,095	\$ 177,035	\$ 300,095	\$ 2,835,225

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

ANY BABY CAN OF SAN ANTONIO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (636,387)	\$ 161,294
Adjustments		
Depreciation	64,204	68,085
Realized and Unrealized (Gain) Loss on Investment	(21,382)	(86,614)
Increase (Decrease) in Assets:		
(Increase) Decrease in Receivables	17,667	117,293
(Increase) Decrease in Promises to Give Receivable	(2,350)	(2,290)
(Increase) Decrease in Employee Advance	(900)	-
(Increase) Decrease in Prepaid Expenses	1,484	(29,182)
(Increase) Decrease in Other Assets - Cemetery Plots	5,050	(12,690)
Increase (Decrease) in Liabilities:		
Increase (Decrease) in Accounts Payable	3,259	(14,520)
Increase (Decrease) in Salaries and Benefits Payable	(29,808)	4,355
Increase (Decrease) in Deferred Revenues	(15,701)	17,611
NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES	(614,864)	223,342
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(4,025)
Proceeds from Sale of Investments	1,101,347	415,361
Purchase of Investments	(698,484)	(579,999)
NET CASH PROVIDED (REQUIRED) BY INVESTING ACTIVITIES	402,863	(168,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Lease	-	4,025
Payments on Capital Lease	(11,618)	(10,883)
NET CASH PROVIDED (REQUIRED) BY FINANCING ACTIVITIES	(11,618)	(6,858)
NET INCREASE (DECREASE) IN CASH	(223,619)	47,821
CASH AND CASH EQUIVALENTS AT BEGINNING YEAR	993,418	945,597
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 769,799	\$ 993,418
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ 3,406	\$ 4,584
Income Tax Paid	\$ -	\$ -

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

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Any Baby Can of San Antonio, Inc. (ABC San Antonio) is a not-for-profit corporation that provides support services for families who have children with disabilities or chronic illness, residing in Bexar and the surrounding nineteen counties. ABC San Antonio links medical, educational, and social service agencies, and serves as a central clearing house that provides case management as well as counseling, financial assistance, health and wellness programming, and prescription assistance to children and their families.

Basis of Presentation

The financial statements of ABC San Antonio have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements include only the accounts of ABC San Antonio.

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

Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board designated.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of ABC San Antonio and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

ABC San Antonio considers all unrestricted highly liquid investment accounts with an initial maturity of three months or less to be cash equivalents.

Short Term Investments

Short term investments consists of certificates of deposit with maturities of more than three months but less than one year.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement, and expands disclosures about fair value measurements to include how fair value is determined for assets and liabilities. ASC 820 clarifies that fair value is an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The significant levels of inputs are as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

The carrying amounts for cash equivalents and short-term investments approximate their fair value because of their short-term maturity.

Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the Statements of Activities. Investments acquired by gift are valued at amounts representing estimated fair value at the date of the gift.

Receivables

Accounts receivable are stated at unpaid balances. ABC San Antonio receivables are individually analyzed for purposes of determining collectability at year-end, and to ascertain if an allowance is required. The allowance is based on experience and other circumstances which may affect the donor's ability to meet their obligation. It is ABC San Antonio's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. An allowance was not deemed necessary for years ended 2019 and 2018.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Promises to Give Receivable

Promises to give receivable are unconditional promises to give that have not yet been received. Promises to give due in the next year are recorded at their net realizable value. Contributions and promises to give due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the contributions are to be received to discount those amounts. The interest rate is based on the rate at which ABC San Antonio can borrow the funding from a reputable bank or credit union. As of June 30, 2019 and 2018, ABC San Antonio has not recorded an allowance for uncollectible promises to give as management estimates all promises to give to be collectible nor have they discounted contributions as the amount is immaterial.

Property and Equipment

Property and equipment were recorded at cost or at the fair market value at the date of gift when assets are contributed. ABC San Antonio's capitalization policy requires that all items purchased with a useful life greater than 3 years and a cost in excess of \$5,000 be capitalized. Property and equipment are depreciated over their estimated useful lives (ranging from 3 to 40 years) using the straight-line method. Repairs and maintenance are expensed as incurred.

Revenue Recognition

Income from government grants and program services is recognized in the period in which the fees are earned.

Contributions from United Way are awarded by United Way annually and are recorded by ABC San Antonio when awarded.

Contributions are recognized as revenue when an unconditional gift or pledge is received.

Gifts of cash and other assets are reported as net assets with restriction or net assets without restriction depending on the existence and/or nature of any donor restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restriction are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

In-Kind Goods and Services

In-kind goods and services contributions that can be measured, and meet certain other requirements, are recorded in the financial statements as contributions and expenses of a like amount. In-kind contributions are measured and recorded at their fair values on the date of donation.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Tax Status

ABC San Antonio has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRS has also determined that ABC San Antonio is not a private foundation.

ABC San Antonio's management believes it has no material uncertain tax positions and, accordingly, it will not recognize any related liability. For the years ended June 30, 2019 and 2018 ABC San Antonio did not recognize any interest or penalties.

Tax years 2018-2016 remain open to examination by the taxing jurisdictions to which ABC San Antonio is subject, and these periods have not been extended beyond the applicable statute of limitations.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from such estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$4,062 and \$4,701 during the years ended June 30, 2019 and 2018, respectively.

Functional Expense Allocation

The costs of providing ABC San Antonio's programs and activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific function are reported directly to that function.

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and efforts, as well as utilities, repair and maintenance and insurance which are allocated based on square footage or some other reasonable basis. Computer support is allocated based upon the number of employees, by department. Depreciation is allocated by square footage by department on the building. Program materials, office supplies (except direct usage) is also allocated by number of employees by department.

Compensated Absences

Employees of ABC San Antonio are entitled to paid time off at varying rates based on length of service. Accrued vacation not utilized by employees by the end of their anniversary year may be carried over into the next anniversary year, up to the employee's maximum annual accrual equivalent. Unused, accrued vacation may be paid out upon resignation. Unused, accrued sick leave is forfeited upon separation from employment.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation of current-year financial statements. The reclassifications have no impact on the change in net assets.

Subsequent Events

Subsequent events have been evaluated by management through October 29, 2019, which is the date the financial statements were available to be issued.

Recently Adopted Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. ABC San Antonio has adopted this new pronouncement effective July 1, 2018.

NOTE B – CONCENTRATION OF CREDIT RISKS

ABC San Antonio maintains cash balances at several financial institutions in San Antonio, Texas. Financial instruments that potentially subject ABC San Antonio to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits exceed FDIC coverage at a banking institution by \$441,379 as of June 30, 2019. Deposits exceeded FDIC coverage at two banks by a total of \$412,373 as of June 30, 2018.

NOTE C – CASH WITH DONOR RESTRICTIONS

Cash with donor restrictions as of June 30, 2019 and 2018, which is maintained in separate accounts known as the Reed Norman Memorial Trust and the Melissa Holliday/Graham Ladensohn Memorial Account, are included in the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 33,339	\$ 32,841
Short Term Investments	60,582	60,563
	<u>\$ 93,921</u>	<u>\$ 93,404</u>

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE D – ACCOUNTS RECEIVABLE

Accounts Receivable are due within one year and are comprised of amounts due to ABC San Antonio from the following entities at June 30:

	<u>2019</u>	<u>2018</u>
Government Grants		
City of San Antonio	\$ 4,793	\$ 7,984
Texas Department of Family & Protective Services	9,299	9,393
Texas Department of State Health Services	34,586	32,379
Texas Council on Developmental Disabilities	-	520
United Way	338,605	358,909
Other	6,118	1,883
Total	<u>\$ 393,401</u>	<u>\$ 411,068</u>

NOTE E – PROMISES TO GIVE RECEIVABLE

Promises to give receivable are expected to be collected in the next fiscal year. An allowance for uncollectible promises to give receivable has not been recorded as of June 30, 2019 as all have been deemed collectible.

NOTE F – INVESTMENTS

Investments consisted of the following at June 30:

	<u>Fair Value 2019</u>	<u>Fair Value 2018</u>
Pooled Funds	\$ 74,567	\$ 77,544
Fixed Income	486,554	593,758
Equities	600,072	800,220
Exchange Traded Funds	112,478	190,738
Other Assets	33,115	26,027
	<u>\$1,306,786</u>	<u>\$1,688,287</u>

Short term investments consist of certificates of deposit with a maturity of more than three months and less than one year and have not been included in the table above.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE G – FAIR VALUE OF FINANCIAL INSTRUMENTS

ABC San Antonio uses fair value measurements to determine and record fair value adjustments to certain assets and liabilities, in order to report the fair value of the assets and liabilities in the Statements of Financial Position. The following is a description of the valuation methods and assumptions used by ABC San Antonio in estimating the fair value disclosures for financial assets. There have been no changes in methodologies used at June 30, 2019 and 2018:

	Level 1	Level 2	Level 3	2019 Total
Pooled Funds	\$ -	\$ 74,567	\$ -	\$ 74,567
Fixed Income	486,554	-	-	486,554
Equities	600,072	-	-	600,072
Exchange Traded Funds	112,478	-	-	112,478
Other Assets	33,115	-	-	33,115
	<u>\$ 1,232,219</u>	<u>\$ 74,567</u>	<u>\$ -</u>	<u>\$ 1,306,786</u>

	Level 1	Level 2	Level 3	2018 Total
Pooled Funds	\$ -	\$ 77,544	\$ -	\$ 77,544
Fixed Income	593,758	-	-	593,758
Equities	800,220	-	-	800,220
Exchange Traded Funds	190,738	-	-	190,738
Other Assets	26,027	-	-	26,027
	<u>\$ 1,610,743</u>	<u>\$ 77,544</u>	<u>\$ -</u>	<u>\$ 1,688,287</u>

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Land	\$ 94,778	\$ 94,778
Buildings and Improvements	1,073,601	1,073,601
Furniture and Equipment	469,059	487,510
Total Property and Equipment	1,637,438	1,655,889
Less: Accumulated Depreciation	(919,006)	(873,254)
Property and Equipment - Net	<u>\$ 718,432</u>	<u>\$ 782,635</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$64,204 and \$68,085, respectively.

Land is not depreciated.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes at June 30:

	<u>2019</u>	<u>2018</u>
Program Services*	\$ 190,541	\$ 257,875
Direct Assistance	5,106	32,235
United Way	338,131	344,578
Trusts	337,353	348,917
Endowment	33,123	33,123
Other	39,574	31,860
	<u>\$ 943,828</u>	<u>\$ 1,048,588</u>

ABC San Antonio’s net assets with donor restrictions include initial contributions for perpetually restricted endowment funds. See Note O.

Net assets with donor restrictions were released from restriction for the following purposes as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Program Services*	\$ 829,788	\$ 916,382
Direct Assistance	137,082	157,813
United Way	349,406	420,402
Trusts	15,607	-
Other	15,098	21,021
	<u>\$ 1,346,981</u>	<u>\$ 1,515,618</u>

*Case management, prescription assistance, health and wellness, autism services, center for infant and child loss, and counseling.

NOTE J – IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Direct Assistance	\$ 891	\$ 8,046
Professional Fees	11,845	-
Conference & Meetings	1,860	7,541
Occupancy	4,500	4,500
Printing & Program Materials	34,142	179
Cemetery Plots	-	16,485
	<u>\$ 53,238</u>	<u>\$ 36,751</u>
Total Contributions, In Kind	<u>\$ 53,238</u>	<u>\$ 36,751</u>

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE K – SPECIAL EVENTS

Special events revenue, net of direct expenses, consisted of the following for the years ended June 30:

	Angel Affair	Walk for Autism	Fore Any Baby Can Golf Tournament	Other	2019 Total
Revenues	\$ 223,087	\$ 165,971	\$ 84,999	\$ 15,030	\$ 489,087
Expenses	(119,172)	(75,302)	(18,799)	-	(213,273)
	<u>\$ 103,915</u>	<u>\$ 90,669</u>	<u>\$ 66,200</u>	<u>\$ 15,030</u>	<u>\$ 275,814</u>

	Style Show & Luncheon	Walk for Autism	Fore Any Baby Can Golf Tournament	Other	2018 Total
Revenues	\$ 125,175	\$ 192,552	\$ 76,590	\$ 13,157	\$ 407,474
Expenses	(36,353)	(67,351)	(15,160)	(277)	(119,141)
	<u>\$ 88,822</u>	<u>\$ 125,201</u>	<u>\$ 61,430</u>	<u>\$ 12,880</u>	<u>\$ 288,333</u>

NOTE L – LOCAL GOVERNMENT GRANT

ABC San Antonio’s accounting system follows operational guidelines in accounting for grant funds from the City of San Antonio. Revenue and expenses related to this grant are included in these financial statements as follows:

2019						Total
	Revenue	Salaries	Benefits	Communications	Expenses	
City of San Antonio	\$ 68,641	\$ 63,623	\$ 4,864	\$ 154	\$ 68,641	
2018						Total
	Revenue	Salaries	Benefits	Communications	Expenses	
City of San Antonio	\$ 100,533	\$ 92,930	\$ 7,128	\$ 475	\$ 100,533	

NOTE M – EMPLOYEE BENEFIT PLAN

Employees are eligible to enroll in the 401(k) plan the first day of each quarter, following six months of employment. ABC San Antonio matches employee contributions to the plan up to 6% of employee compensation. CoAdvantage, the administrator of the plan through January 2019, provides a packet at the time of eligibility to employees. Employer Flexible HR, LLC became the administrator after January 2019. ABC San Antonio’s contribution for years ended June 30, 2019 and 2018 were \$43,751 and \$40,004, respectively, to the employee 401(k).

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE N – CAPITAL LEASE PAYABLE

ABC San Antonio has non-cancellable lease agreements for copiers. The principal of the required rentals has been capitalized using the implicit rates in the lease. The total cost of these assets included in furniture, fixtures, and equipment was \$40,239 and \$58,690, as of June 30, 2019 and 2018, respectively, net of accumulated depreciation of \$29,716 and \$37,014, as of June 30, 2019 and 2018, respectively. The assets under capital lease are being amortized over the life of the lease.

Future minimum payments under capital leases are as follows:

Year ending June 30,	Future Minimum Payments
2020	\$ 11,820
2021	8,366
Total Payments	20,186
Less: Interest	(2,520)
Net Present Value of of Lease Financing	\$ 17,666

NOTE O – ENDOWMENT FUNDS

General Information

ABC San Antonio maintains various endowment funds established for a variety of purposes. These endowments include both donor-restricted endowment contributions, and funds designated by the Board to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines ABC San Antonio's interpretation of the provisions of this law as they relate to the prudent management of its endowment funds.

Endowment "Principal" Interpretation

ABC San Antonio has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, ABC San Antonio classifies as net assets with donor restriction the original value of gifts donated to the permanent endowment (the "Principal"). The remaining portion of the donor-restricted endowment funds is also classified as net assets with donor restriction, until those amounts are appropriated for expenditure by ABC San Antonio in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Investment Objectives

Endowment investments are managed by professional money managers under the direction of the Board of ABC San Antonio. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices, while assuming a moderate level of investment risk.

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE O – ENDOWMENT FUNDS (CONT.)

Endowment Investment Objectives (Cont.)

To satisfy this performance objective, ABC San Antonio relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABC San Antonio targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment “Income” Appropriation (Spending Policy)

The ABC Board is authorized, but is not required, to distribute the net income of the endowed funds annually. Any net income that is not distributed each year shall be available for distribution in subsequent years.

In accordance with UPMIFA, in all its endowment spending activity, ABC San Antonio considers the following factors in making a determination to appropriate (spend) or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of ABC San Antonio and the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of ABC San Antonio, and
7. The investment policies of ABC San Antonio

Endowment Net Asset Composition by Type of Fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 107,689	\$ 107,689
Board-Designated Endowment Funds	1,245,767	-	1,245,767
Total	<u>\$ 1,245,767</u>	<u>\$ 107,689</u>	<u>\$ 1,353,456</u>

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE O – ENDOWMENT FUNDS (CONT.)

Endowment “Income” Appropriation (Spending Policy) (Cont.)

Changes in Endowment Net Assets for the Year Ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	\$ 1,705,447	\$ 120,168	\$ 1,825,615
Interest and Dividends	38,963	1,398	40,361
Net Appreciation (Realized and Unrealized)	19,651	1,730	21,381
Total Investment Return	58,614	3,128	61,742
Appropriations of Endowment Net Assets for Expenditure	(518,294)	(15,607)	(533,901)
Ending Endowment Net Assets	<u>\$ 1,245,767</u>	<u>\$ 107,689</u>	<u>\$ 1,353,456</u>

Endowment Net Asset Composition by Type of Fund as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 120,168	\$ 120,168
Board-Designated Endowment Funds	1,705,447	-	1,705,447
Total	<u>\$ 1,705,447</u>	<u>\$ 120,168</u>	<u>\$ 1,825,615</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	\$ 1,448,419	\$ 113,662	\$ 1,562,081
Interest and Dividends	30,714	2,373	33,087
Net Appreciation (Realized and Unrealized)	226,314	4,625	230,939
Total Investment Return	257,028	6,998	264,026
Appropriations of Endowment Net Assets for Expenditure	-	(492)	(492)
Ending Endowment Net Assets	<u>\$ 1,705,447</u>	<u>\$ 120,168</u>	<u>\$ 1,825,615</u>

ANY BABY CAN OF SAN ANTONIO, INC.
NOTES TO AUDITED FINANCIAL STATEMENTS (CONT.)
JUNE 30, 2019 AND 2018

NOTE P – GRANT CONTINGENCY

Any Baby Can of San Antonio, Inc. is funded by various grant programs which are governed by various rules and regulations of the grantor agencies. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agency. To the extent that Any Baby Can of San Antonio, Inc. has not complied with the rules and regulations governing the grant, refunds of any money received may be required. It is the opinion of management that there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for contingencies.

NOTE Q – LITIGATION

The management of ABC San Antonio is unaware of any pending or threatened litigation.

NOTE R – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

ABC San Antonio has a goal to maintain financial assets on hand to meet at least 3 months of normal operating expenses which were approximately \$224,052 per month in 2019 and \$227,532 per month in 2018, given full programmatic expenses, excluding in-kind and depreciation. The organization has approximately \$96,040 and \$100,614 of financial assets available to meet cash needs in the next year for general expenditures as of June 30, 2019 and 2018, respectively, as shown in the table below.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 769,799	\$ 993,418
Short-Term Investments	60,582	60,563
Accounts Receivable	393,401	411,068
Promises to Give Receivable	4,640	2,290
Employee Advance	900	-
Endowment Fund Investments	1,306,786	1,688,287
Accounts Payable	(13,601)	(10,342)
Salaries and Benefits Payable	(123,541)	(153,349)
Deferred Revenue	(38,910)	(54,611)
Current Portion of Lease Payable	<u>(11,820)</u>	<u>(15,024)</u>
Total Financial Assets	\$ 2,348,236	\$ 2,922,300
Less: Board Designated - Endowment	(1,245,767)	(1,705,447)
Less: Board Designated - Other	(62,601)	(67,651)
Less: Net Assets with Donor Restrictions	<u>(943,828)</u>	<u>(1,048,588)</u>
Total Financial Assets Available to Meet		
Cash for General Expenditure Needs	<u>\$ 96,040</u>	<u>\$ 100,614</u>

The board designated endowment funds may be used for operations in future years.



Any Baby Can

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Any Baby Can of San Antonio, Inc.
San Antonio, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards* issued by the Comptroller General of the United States, the financial statements of Any Baby Can of San Antonio, Inc., which comprise the Statement of Financial Position as of June 30, 2019, the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements we considered Any Baby Can of San Antonio, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Any Baby Can of San Antonio, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Any Baby Can of San Antonio, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Any Baby Can of San Antonio, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

October 29, 2019



Any Baby Can