

MOVE TEXAS ACTION FUND
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

MOVE TEXAS ACTION FUND

FINANCIAL STATEMENTS

Year Ended December 31, 2019

Table of Contents

Page No.

Independent auditor's report	1
Financial statements	
Statement of assets, liabilities, and net assets – modified cash basis	2
Statement of support and revenues, expenses, and changes in net assets – modified cash basis	3
Statement of functional expenses – modified cash basis	4
Statement of cash flows – modified cash basis	5
Notes to financial statements	6

Independent Auditor's Report



To the Board of Directors of
MOVE Texas Action Fund

We have audited the accompanying financial statements of MOVE Texas Action Fund (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2019, and the related statements of support and revenue, expenses, and changes in net assets – modified cash basis and cash flows – modified cash basis for the year ended December 31, 2019, 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and net assets of MOVE Texas Action Fund as of December 31, 2019, and its support and revenues, expenses, and changes in net assets and cash flows for the year ended December 31, 2019, in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Sagebiel Ravenburg & Schuh, P.C.

San Antonio, Texas
April 6, 2021

Lincoln Center
7800 W Interstate 10, Ste. 630
San Antonio, TX 78230-4750

210•979•7600

FAX 210•979•7679

MOVE TEXAS ACTION FUND

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS

December 31, 2019

ASSETS

Current assets:

Cash	\$ 238,857
Receivables due from MOVE Texas Civic Fund	<u>242,005</u>
Total current assets	<u>480,862</u>

Other assets:

Deposits	<u>500</u>
	<u>500</u>

Total assets	<u>\$ 481,362</u>
--------------	-------------------

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued expenses	\$ 15,392
Deferred revenues	<u>305,906</u>
Total current liabilities	<u>321,298</u>

Net assets:

Without donor restrictions	<u>160,064</u>
Total liabilities and net assets	<u>\$ 481,362</u>

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

MOVE TEXAS ACTION FUND

**STATEMENT OF SUPPORT AND REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS – MODIFIED CASH BASIS**

Year Ended December 31, 2019

Public support and revenue:	
Contributions and grants	\$ 585,164
Reimbursements for services provided to MOVE Texas Civic Fund	<u>928,845</u>
Total public support and revenue	<u>1,514,009</u>
Expenses:	
Program services	912,272
Supporting services:	
Administrative and general	260,202
Fundraising	<u>214,613</u>
Total expenses	<u>1,387,087</u>
Change in net assets	126,922
Net assets at beginning of year	<u>33,142</u>
Net assets at end of year	<u>\$ 160,064</u>

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

MOVE TEXAS ACTION FUND

STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

Year Ended December 31, 2019

	<u>Program</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related expenses:				
Salaries	\$ 552,444	\$ 157,840	\$ 78,921	\$ 789,205
Employee benefits	9,546	2,727	1,364	13,637
Payroll taxes	<u>50,996</u>	<u>14,570</u>	<u>7,285</u>	<u>72,851</u>
Total salaries and related expenses	<u>612,986</u>	<u>175,137</u>	<u>87,570</u>	<u>875,693</u>
Other operating expenses:				
Advertising	39,511	15,804	23,707	79,022
Affiliation dues	-	3,931	983	4,914
Awards and grants	64,171	-	-	64,171
Bank fees	-	1,688	-	1,688
Food and meals	20,496	5,856	2,928	29,280
Information technology	4,793	1,369	685	6,847
Insurance	-	2,102	-	2,102
Instructor expenses	-	-	-	-
Interest expense	-	3,397	-	3,397
Postage	-	150	225	375
Printing	15,383	4,394	2,198	21,975
Professional fees	75,292	15,058	60,234	150,584
Reimbursements	28,366	8,105	4,052	40,523
Rent and occupancy	11,756	3,359	1,679	16,794
Repairs and maintenance	-	2,385	-	2,385
Storage expenses	155	45	22	222
Supplies	20,505	5,859	2,929	29,293
Travel	16,214	10,808	27,023	54,045
Miscellaneous	<u>2,644</u>	<u>755</u>	<u>378</u>	<u>3,777</u>
Total other operating expenses	<u>299,286</u>	<u>85,065</u>	<u>127,043</u>	<u>511,394</u>
Total expenses	<u>\$ 912,272</u>	<u>\$ 260,202</u>	<u>\$ 214,613</u>	<u>\$ 1,387,087</u>

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

MOVE TEXAS ACTION FUND

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

Year Ended December 31, 2019

	<u>2019</u>
Cash flows from operating activities:	
Change in net assets	\$ 126,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in:	
Accounts receivable	(242,005)
Accrued expenses	11,916
Deferred revenues	<u>305,906</u>
Net cash provided by operating activities	<u>202,739</u>
Cash flows from financing activities:	
Principal payments on notes payable	<u>(10,551)</u>
Net cash used by financing activities	<u>(10,551)</u>
Net increase in cash	192,188
Cash at beginning of year	<u>46,669</u>
Cash at end of year	<u>\$ 238,857</u>
Schedule of supplemental cash flow information:	
Cash paid during the year for interest	<u>\$ 3,397</u>

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

MOVE TEXAS ACTION FUND

NOTES TO FINANCIAL STATEMENTS

1 NATURE OF ORGANIZATION

MOVE Texas Action Fund (MOVE Texas) is a nonpartisan, nonprofit, grassroots organization building power in underrepresented youth communities through civic education, leadership development, and issue advocacy.

MOVE Texas is a 501(c)(4) nonprofit organization, and is affiliated with MOVE Texas Civic Fund, a 501(c)(3) nonprofit program of the Alliance for Youth Organizing.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

MOVE Texas prepares its financial statements on the modified cash basis of accounting. Under this method of accounting, revenue is generally recognized when received, and expenses generally recognized when paid. Modifications to the cash basis of accounting include accrual of receivables due from affiliates, accrual of payroll tax expenses, recording a liability for tax withholdings payable, and recording a liability for deferred revenue related to refundable grant funds not yet expended.

Nonprofit organizations issuing statements purporting to be in conformity with accounting principles generally accepted in the United States of America (GAAP) are required to prepare such statements using the accrual basis of accounting. The accrual basis of accounting recognizes revenue and the related assets when earned rather than when received, and expenses when incurred rather than when paid. Accordingly, the accompanying financial statements of MOVE Texas, being prepared on the modified cash basis, do not purport to be in conformity with GAAP.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. MOVE Texas is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Income Tax Status

MOVE Texas is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. However, income from certain activities not directly related to MOVE Texas's tax-exempt purpose is subject to taxation as unrelated business income. No such income was earned during the year ended December 31, 2019.

Use of Estimates

The process of preparing financial statements requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenue, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

MOVE Texas considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Deferred Revenue

Certain grants received by MOVE Texas are refundable if the grant funds are not spent for the specified purpose within a specified timeframe. Amounts received under such grants are deferred and recognized as revenue as the grant funds are expended.

(Continued)

MOVE TEXAS ACTION FUND

NOTES TO FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of MOVE Texas.

Net Assets

Net assets 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 which are not subject to donor-imposed stipulations. Assets restricted solely through actions of the Board are reported as designated net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets which have been restricted by donors for use in certain time periods or for specific purposes. MOVE Texas had no net assets with donor restrictions as of December 31, 2019.

Subsequent Events

Subsequent events have been evaluated through April 6, 2021, which is the date the financial statements were available to be issued.

3 CONCENTRATION OF CREDIT RISK

MOVE Texas maintains its cash and cash equivalent balances with one financial institution. At December 31, 2019, MOVE Texas's cash and cash equivalents exceeded federally insured deposit limits by \$6,660.

4 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019 represent amounts due from MOVE Texas Civic Fund. Management has not recorded an allowance for doubtful accounts as it believes all amounts are fully collectible.

5 DEFERRED REVENUES

At December 31, 2019, MOVE Texas had deferred grant revenues of \$305,906, related to amounts that were received but not yet expended under grant agreements that require the return of any grant funds not expended by the end of the grant period.

6 REVENUES AND SUPPORT

During the year ended December 31, 2019, \$928,845, or roughly 61% of total revenue and support, came from reimbursements for services rendered on behalf of MOVE Texas Civic Fund, an affiliate of MOVE Texas.

7 LEASES

MOVE Texas leases office space under a month-to-month lease. Rental expenses under that lease amounted to \$12,600 for the year ended December 31, 2019.

8 FUNDRAISING EXPENSE

Total fundraising expense for the year ended December 30, 2020 was \$214,613.

MOVE TEXAS ACTION FUND

NOTES TO FINANCIAL STATEMENTS

(Continued)

9 RELATED PARTY

MOVE Texas is an affiliate of MOVE Texas Civic Fund, a 501(c)(3) nonprofit program of the Alliance for Youth Organizing (AYO), and provides management and other services to MOVE Texas Civic Fund. MOVE Texas Civic Fund reimburses MOVE Texas for expenses incurred on behalf of MOVE Texas Civic Fund, which includes salary expenses for work performed by MOVE Texas employees on behalf of MOVE Texas Civic Fund. Reimbursements for such expenses totaled \$928,845 for the year ended December 31, 2019.

10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects MOVE Texas's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$ 238,857
Accounts receivable	<u>242,005</u>
Financial assets at year end	480,862
Less those unavailable for general expenditure	
within one year, due to:	
Contractually-restricted to expenditure on a specific program	<u>(305,906)</u>
Financial assets available to meet cash needs	
for general expenditure within one year	<u>\$ 174,956</u>

As part of MOVE Texas's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, MOVE Texas had financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 46 days of average operating expenses.

11 SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases developing in the region. Measures taken by various governments to contain the virus, as well as changes in behavior by regular donors and event participants in response to the pandemic, have affected economic activity in our area. MOVE Texas has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for MOVE Texas' employees and volunteers (including social distancing and working from home).

Since April 2020, the impact on MOVE Texas has been significant, with some of its programs and events seeing temporary halts and quick transitions to virtual formats as a result of measures intended to mitigate the pandemic. These disruptions have continued into the new fiscal year, and it is uncertain as to when MOVE Texas will be able to resume running all of its programs and events in-person. As such, it is difficult to predict the impact the pandemic might have on MOVE Texas' finances, other than the fact that business disruptions may continue well into the new fiscal year. MOVE Texas will continue to follow the various government policies and expert advice and, in parallel, MOVE Texas will do its utmost to continue its operations in the best and safest way possible.