
Alliance for Choice in Education and Subsidiaries

**Consolidated Financial Report
with Supplemental Information
December 31, 2020**

Independent Auditor's Report	1
Consolidated Financial Statements	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-14
Supplemental Information	15
Independent Auditor's Report on Supplemental Information	16
Departmental Statement of Financial Position	17-18
Departmental Statement of Activities and Changes in Net Assets	19-20

Independent Auditor's Report

To the Board of Directors
Alliance for Choice in Education and Subsidiaries

We have audited the accompanying consolidated financial statements of Alliance for Choice in Education and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020 and 2019 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Choice in Education and Subsidiaries as of December 31, 2020 and 2019 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

October 19, 2021

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Financial Position

	December 31, 2020 and 2019	
	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 24,650,757	\$ 24,481,620
Investments	12,762,085	8,060,675
Promises to give - Current portion	10,799,527	7,770,733
Other receivable	6,590	25,331
Prepaid expenses	191,558	185,901
Total current assets	48,410,517	40,524,260
Promises to Give - Net of current portion	6,312,765	1,685,011
Furniture and Equipment - Net	31,461	66,056
Total noncurrent assets	6,344,226	1,751,067
Total assets	\$ 54,754,743	\$ 42,275,327
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,200,226	\$ 1,479,281
Scholarships payable	8,706,353	9,459,855
Paycheck Protection Program loan	625,300	-
Total liabilities	10,531,879	10,939,136
Net Assets		
Without donor restrictions	5,300,749	2,918,589
With donor restrictions	38,922,115	28,417,602
Total net assets	44,222,864	31,336,191
Total liabilities and net assets	\$ 54,754,743	\$ 42,275,327

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 6,204,484	\$ 31,342,504	\$ 37,546,988	\$ 12,362,630	\$ 18,755,752	\$ 31,118,382
In-kind contributions	6,842	-	6,842	36,201	-	36,201
Other	69,931	185,387	255,318	221,079	-	221,079
Net assets released from restrictions	21,023,378	(21,023,378)	-	17,218,623	(17,218,623)	-
Total support and revenue	27,304,635	10,504,513	37,809,148	29,838,533	1,537,129	31,375,662
Expenses						
Program services:						
Primary and secondary scholarships	17,634,381	-	17,634,381	18,970,577	-	18,970,577
Other education support programs	2,643,798	-	2,643,798	2,738,961	-	2,738,961
Total program services	20,278,179	-	20,278,179	21,709,538	-	21,709,538
Support services:						
Fundraising	3,770,182	-	3,770,182	4,367,665	-	4,367,665
General and administrative	874,114	-	874,114	850,006	-	850,006
Total support services	4,644,296	-	4,644,296	5,217,671	-	5,217,671
Total expenses	24,922,475	-	24,922,475	26,927,209	-	26,927,209
Increase in Net Assets	2,382,160	10,504,513	12,886,673	2,911,324	1,537,129	4,448,453
Net Assets - Beginning of year	2,918,589	28,417,602	31,336,191	7,265	26,880,473	26,887,738
Net Assets - End of year	\$ 5,300,749	\$ 38,922,115	\$ 44,222,864	\$ 2,918,589	\$ 28,417,602	\$ 31,336,191

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services	Fundraising	General and Administrative	Total
Scholarship expense	\$ 17,634,381	\$ -	\$ -	\$ 17,634,381
Wages	1,665,870	2,156,522	602,419	4,424,811
Events and awareness	55,401	687,609	-	743,010
Office and general business expenses	206,394	112,900	140,027	459,321
Professional services	359,711	-	91,903	451,614
Travel	35,865	53,509	4,364	93,738
Marketing and communication	136,845	136,845	-	273,690
IT	66,828	68,745	25,283	160,856
Community engagement	98,689	-	-	98,689
Staff expenses	16,809	26,362	5,427	48,598
Expansion	1,386	347	-	1,733
Governing board	-	7,093	4,691	11,784
Loss from uncollectible promises to give	-	520,250	-	520,250
Total functional expenses	\$ 20,278,179	\$ 3,770,182	\$ 874,114	\$ 24,922,475

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services	Fundraising	General And Administrative	Total
Scholarship expense	\$ 18,970,577	\$ -	\$ -	\$ 18,970,577
Wages	1,641,356	2,005,293	623,806	4,270,455
Events and awareness	146,372	1,552,555	-	1,698,927
Office and general business expenses	161,560	142,714	119,507	423,781
Professional services	380,018	-	55,356	435,374
Marketing and communication	105,740	105,740	-	211,480
Travel	80,048	116,964	7,088	204,100
IT	72,726	51,085	23,579	147,390
Community engagement	94,729	-	-	94,729
Staff expenses	45,880	37,110	14,578	97,568
Expansion	10,532	4,482	-	15,014
Governing board	-	-	6,092	6,092
Loss from uncollectible promises to give	-	351,722	-	351,722
Total functional expenses	\$ 21,709,538	\$ 4,367,665	\$ 850,006	\$ 26,927,209

Alliance for Choice in Education and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 12,886,673	\$ 4,448,453
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization expense	38,293	78,142
Loss from uncollectible promises to give	520,250	351,722
Net investment income	(255,318)	(221,079)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Promises to give	(8,176,798)	(990,514)
Other receivable	18,741	(24,788)
Prepaid expenses	(5,657)	128,883
Accounts payable and accrued expenses	(279,055)	540,805
Scholarships payable	(753,502)	518,982
Net cash and cash equivalents provided by operating activities	3,993,627	4,830,606
Cash Flows from Investing Activities		
Purchase of furniture and equipment	(3,698)	(6,313)
Purchases of investments	(10,505,451)	(2,027,656)
Sales of investments	1,000,053	-
Purchases of CDs	(470,409)	(5,101,324)
Sales of CDs	5,529,715	-
Net cash and cash equivalents used in investing activities	(4,449,790)	(7,135,293)
Cash Flows Provided by Financing Activities - Proceeds from Paycheck Protection Program loan	625,300	-
Net Increase (Decrease) in Cash and Cash Equivalents	169,137	(2,304,687)
Cash and Cash Equivalents - Beginning of year	24,481,620	26,786,307
Cash and Cash Equivalents - End of year	<u>\$ 24,650,757</u>	<u>\$ 24,481,620</u>

December 31, 2020 and 2019

Note 1 - Nature of Business

Alliance for Choice in Education (ACE) was incorporated in the state of Colorado on February 3, 2000 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. ACE is dedicated to enhancing the quality and diversity of educational choices available to children by promoting greater accessibility to private schools through scholarships.

ACE upholds the mission that every child - regardless of family income - is of equal worth and equally deserving of a quality education and that providing every child with an educational choice will promote an accountable and competitive education marketplace that fosters effective private and public schools.

Note 2 - Significant Accounting Policies

Principles of Consolidation

Since 2012, ACE has expanded its programs to several markets outside of Colorado: Kansas, Kansas SGO, Louisiana, Montana, Texas, Wyoming, Arkansas, and Missouri. ACE has formed single-member limited liability companies (LLCs), with ACE as the sole member, for each market operation. Each LLC is a disregarded entity for federal income tax purposes, and its accounts are included with ACE's accounts (collectively referred to as the "Organization") in these consolidated financial statements. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization periodically maintains cash balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000.

Investments

Investments consisted of certificates of deposit carried at cost plus accrued interest, fixed income bond funds and equities at December 31, 2020 and 2019.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Promises to Give

Promises to give consist of unconditional pledges of future contributions from donors. The allowance method is used to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific pledges. There was no allowance for uncollectible promises to give as of December 31, 2020 and 2019.

Promises to give that are expected to be collected within one year are recorded at their net realizable values. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows (see Note 7).

Concentration of Risk

Of the \$17,112,292 of total promises to give at December 31, 2020, approximately \$5,600,000 was from one donor. Of the \$9,455,744 of total promises to give at December 31, 2019, approximately \$2,150,000 was from two donors.

Of the \$37,546,988 of total contributions received during 2020, approximately \$7,150,000 was from one donor. Of the \$31,118,382 of total contributions received during 2019, approximately \$5,000,000 was from one donor.

Furniture and Equipment

The Organization capitalizes all furniture and equipment with a cost or fair value of \$1,000 or greater. Furniture and equipment purchased by the Organization are recorded at cost. Donated furniture and equipment are capitalized at fair value at the date of donation. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives, which range from three to seven years. The cost of leasehold improvements is amortized over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Scholarships Payable

Scholarships payable represent amounts committed to specific students for the remainder of the current school year. Scholarships payable are generally paid in February of the following fiscal year to cover student tuition for the spring semester.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. The gifts are reported as either without donor restrictions or with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the year in which contributions are received are reported as unrestricted contributions in the accompanying financial statements.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Expenses incurred directly for a program service are charged to such service. Salaries are allocated on the basis on time and effort. Fringe benefits are allocated to all services based on a pro rata basis of total direct salary expenses incurred. Allocations of certain overhead costs, such as depreciation, information technology, and office expenses, are also allocated services on a pro rata basis of headcount in each department.

Other Educational Support Programs

The Organization's major program is granting K-12 scholarships. Other educational support programs include allocated support services.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Upcoming Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 19, 2021, which is the date the consolidated financial statements were available to be issued.

Note 3 - Economic Uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 3 - Economic Uncertainty (Continued)

While the Organization's operations, cash flows, and financial condition were not significantly impacted, the Organization continues to monitor the aging of its receivables, cash collections from donors, and expenditures on scholarships in light of the current climate. The Organization has responded to the outbreak by allowing natural attrition of scholarship recipients to occur in each market and by reducing staff expenses, travel, events, and some benefits. The Organization also received a \$625,300 loan from the Paycheck Protection Program through the Coronavirus Aid, Relief, and Economic Security Act to support staffing and administrative costs for ACE and the Organization. Due to significant uncertainty surrounding the situation, the extent of any future impact cannot be reasonably estimated at this time.

Note 4 - Liquidity and Availability of Resources

The Organization's financial assets are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 24,650,757	\$ 24,481,620
Short-term investments	12,762,085	8,060,675
Promises to give - Current portion	10,799,527	7,770,733
Other receivable	6,590	25,331
Total	<u>\$ 48,218,959</u>	<u>\$ 40,338,359</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

The Organization considers general expenditures to be scholarship payments and operational expenses, which are expected to be approximately \$31,000,000 and \$24,300,000 in 2021 and 2020, respectively. During the years from 2012 to 2018, the Organization grew its breadth into several additional markets. In 2018, the Organization initiated a four-year plan in order to grow available financial assets on hand to meet 365 days of general expenditures. In the meantime, the Organization will extend short-term loans between markets if necessary. To date, short-term loans have not been required. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and equities.

The Organization also realizes there could be unanticipated liquidity needs.

Note 5 - Investments

The details of the Organization's investments at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Certificates of deposit	\$ 980,324	\$ 5,948,291
Equities	136,163	84,728
Fixed-income bond funds	11,645,598	2,027,656
Total	<u>\$ 12,762,085</u>	<u>\$ 8,060,675</u>

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 6 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Fixed-income bond funds are valued based on quoted prices in active markets (Level 1). The Organization does not currently hold any assets with a fair value determined by Level 2 or 3 inputs.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Investments				
Equities	\$ 136,163	\$ -	\$ -	\$ 136,163
Fixed-income bond funds	11,645,598	-	-	11,645,598
Total	\$ 11,781,761	\$ -	\$ -	\$ 11,781,761

Assets Measured at Fair Value on a Recurring Basis at December 31, 2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Investments				
Equities	\$ 84,728	\$ -	\$ -	\$ 84,728
Fixed-income bond funds	2,027,656	-	-	2,027,656
Total	\$ 2,112,384	\$ -	\$ -	\$ 2,112,384

Alliance for Choice in Education and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 7 - Promises to Give

The following is the detail of unconditional promises to give:

	2020	2019
Due in less than one year	\$ 10,799,527	\$ 7,770,733
Due in one to five years	6,345,000	1,746,305
Total	17,144,527	9,517,038
Less unamortized discount on promises to give	(32,235)	(61,294)
Total	17,112,292	9,455,744
Less current portion	(10,799,527)	(7,770,733)
Promises to give - Net of current portion	<u>\$ 6,312,765</u>	<u>\$ 1,685,011</u>

The average discount rate used on long-term promises to give for the years ended December 31, 2020 and 2019 was 0.75 percent and 2.07 percent, respectively, which represents the prevailing rate at the date of the pledge.

Note 8 - Furniture and Equipment

Furniture and equipment are summarized as follows:

	2020	2019
Computers and software	\$ 169,843	\$ 166,074
Furniture and fixtures	56,112	56,112
Leasehold improvements	128,494	128,494
Total cost	354,449	350,680
Less accumulated depreciation and amortization	322,988	284,624
Net furniture and equipment	<u>\$ 31,461</u>	<u>\$ 66,056</u>

Depreciation and amortization expense for 2020 and 2019 was \$38,293 and \$78,142, respectively.

Note 9 - Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$625,300. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Organization may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of five years, with interest accruing at 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period. Based on the loan amount, irrespective of any potential forgiveness that may be granted in the future, monthly principal payments would be approximately \$78,000 during the repayment period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

Subsequent to December 31, 2020, the Organization applied for and received notification of forgiveness of the entire loan balance from the SBA. The amount of the loan forgiven will be recorded as cancellation of debt income in 2021.

Alliance for Choice in Education and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 9 - Paycheck Protection Program Loan (Continued)

At December 31, 2020, the outstanding balance on the PPP loan is \$625,300, which is classified as debt on the consolidated statement of financial position.

Note 10 - Net Assets

The net assets with donor restrictions represent the net proceeds of donations that have been restricted by the donors to be used only for scholarship awards, general and administrative expenses, or market-specific use or that have time restrictions placed on them.

Net assets with donor restrictions at December 31, 2020 consisted of the following:

	Scholarships	General and Administrative	Market-specific Use	Promises to Give in Support of Future Operations	Total
National	\$ -	\$ -	\$ -	\$ 1,421,496	\$ 1,421,496
Colorado	-	-	5,063,486	1,819,864	6,883,350
Montana	-	-	98,594	920,000	1,018,594
Louisiana	12,618,185	63,128	-	4,148,336	16,829,649
Kansas	-	-	9,937	800,000	809,937
Texas	-	-	1,365,587	2,195,804	3,561,391
Wyoming	-	-	1,129,239	180,500	1,309,739
Missouri	-	-	7,959	20,000	27,959
Kansas SGO	610,124	-	-	20,000	630,124
Arkansas	-	-	843,584	5,586,292	6,429,876
Total	\$ 13,228,309	\$ 63,128	\$ 8,518,386	\$ 17,112,292	\$ 38,922,115

Net assets with donor restrictions at December 31, 2019 consisted of the following:

	Scholarships	General and Administrative	Market-specific Use	Promises to Give in Support of Future Operations	Total
National	\$ -	\$ -	\$ -	\$ 1,140,956	\$ 1,140,956
Colorado	-	-	2,884,269	5,308,095	8,192,364
Montana	-	-	760,787	79,883	840,670
Louisiana	11,788,976	135,771	-	1,800,612	13,725,359
Kansas	-	-	72,292	198,447	270,739
Texas	-	-	503,448	578,316	1,081,764
Wyoming	-	-	1,302,917	349,435	1,652,352
Missouri	-	-	365,698	-	365,698
Kansas SGO	596,403	-	-	-	596,403
Arkansas	-	-	551,297	-	551,297
Total	\$ 12,385,379	\$ 135,771	\$ 6,440,708	\$ 9,455,744	\$ 28,417,602

Note 11 - Operating Leases

The Organization leases a facility under a noncancelable operating lease and has month-to-month leases primarily for parking and storage. The leases expire at various dates through September 30, 2026. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was \$170,780 and \$163,004 for 2020 and 2019, respectively.

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

Note 11 - Operating Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2021	\$ 43,496
2022	147,892
2023	149,900
2024	151,908
2025	153,916
Thereafter	<u>116,566</u>
Total	<u>\$ 763,678</u>

Note 12 - Retirement Plans

The Organization sponsors a 401(k) plan (the "Plan") for all employees. In order to participate in the Plan, an employee must be at least 21 years of age. Employees may contribute from 1 percent to 84 percent of their eligible earnings. The Organization matches 100 percent of the employee contribution up to a maximum of a 6 percent contribution. Contributions to the Plan totaled \$195,625 and \$167,534 for the years ended December 31, 2020 and 2019, respectively.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Alliance for Choice in Education and Subsidiaries

We have audited the consolidated financial statements of Alliance for Choice in Education and Subsidiaries as of and for the years ended December 31, 2020 and 2019 and have issued our report thereon dated October 19, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the 2020 and 2019 consolidated financial statements as a whole. The supplemental information is presented for the purpose of additional analysis rather than to present the financial position, change in net assets, and cash flows of the individual entities and departments and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2020 and 2019 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 and 2019 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2020 and 2019 consolidated financial statements as a whole.

Plante & Moran, PLLC

October 19, 2021

Alliance for Choice in Education and Subsidiaries

Departmental Statement of Financial Position

December 31, 2020

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Kansas SGO	Arkansas	Eliminating Entries	Total
Assets												
Current Assets												
Cash and cash equivalents	\$ 3,112,194	\$ 6,047,459	\$ 921,567	\$ 8,352,338	\$ 310,621	\$ 3,360,868	\$ 346,339	\$ 112,571	\$ 713,939	\$ 1,372,861	\$ -	\$ 24,650,757
Investments	2,507,267	2,364,823	265,604	7,624,391	-	-	-	-	-	-	-	12,762,085
Promises to give - Current portion	533,240	1,678,251	920,000	4,148,336	800,000	1,198,700	180,500	20,000	20,000	1,300,500	-	10,799,527
Other receivable	-	358	-	5,738	1,000	1,506	(2,012)	-	-	-	-	6,590
Interorganization receivable	1,245,713	-	-	201,044	-	76,885	975,777	-	-	-	(2,499,419)	-
Prepaid expenses	56,119	130,189	-	5,250	-	-	-	-	-	-	-	191,558
Total current assets	7,454,533	10,221,080	2,107,171	20,337,097	1,111,621	4,637,959	1,500,604	132,571	733,939	2,673,361	(2,499,419)	48,410,517
Promises to Give - Net of current portion	888,256	141,613	-	-	-	997,104	-	-	-	4,285,792	-	6,312,765
Furniture and Equipment - Net	29,389	1,379	-	-	693	-	-	-	-	-	-	31,461
Total noncurrent assets	917,645	142,992	-	-	693	997,104	-	-	-	4,285,792	-	6,344,226
Total assets	\$ 8,372,178	\$ 10,364,072	\$ 2,107,171	\$ 20,337,097	\$ 1,112,314	\$ 5,635,063	\$ 1,500,604	\$ 132,571	\$ 733,939	\$ 6,959,153	\$ (2,499,419)	\$ 54,754,743
Liabilities and Net Assets												
Current Liabilities												
Accounts payable and accrued expenses	\$ 958,537	\$ 90,491	\$ 11,629	\$ 78,348	\$ 18,633	\$ 39,035	\$ 365	\$ 51	\$ -	\$ 3,137	\$ -	\$ 1,200,226
Scholarships payable	14,250	2,531,191	777,045	3,429,100	250,236	789,598	190,500	95,688	141,923	486,822	-	8,706,353
Paycheck Protection Program loan	625,300	-	-	-	-	-	-	-	-	-	-	625,300
Interorganization payable	-	859,040	299,903	-	33,508	1,245,039	-	8,873	13,738	39,318	(2,499,419)	-
Total liabilities	1,598,087	3,480,722	1,088,577	3,507,448	302,377	2,073,672	190,865	104,612	155,661	529,277	(2,499,419)	10,531,879
Net Assets												
Without donor restrictions	5,352,595	-	-	-	-	-	-	-	(51,846)	-	-	5,300,749
With donor restrictions	1,421,496	6,883,350	1,018,594	16,829,649	809,937	3,561,391	1,309,739	27,959	630,124	6,429,876	-	38,922,115
Total net assets	6,774,091	6,883,350	1,018,594	16,829,649	809,937	3,561,391	1,309,739	27,959	578,278	6,429,876	-	44,222,864
Total liabilities and net assets	\$ 8,372,178	\$ 10,364,072	\$ 2,107,171	\$ 20,337,097	\$ 1,112,314	\$ 5,635,063	\$ 1,500,604	\$ 132,571	\$ 733,939	\$ 6,959,153	\$ (2,499,419)	\$ 54,754,743

Alliance for Choice in Education and Subsidiaries

Departmental Statement of Financial Position

December 31, 2019

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Kansas SGO	Arkansas	Eliminating Entries	Total
Assets												
Current Assets												
Cash and cash equivalents	\$ 6,362,512	\$ 3,738,759	\$ 1,334,243	\$ 9,866,600	\$ 424,855	\$ 1,031,638	\$ 470,737	\$ 164,959	\$ 737,916	\$ 349,401	\$ -	\$ 24,481,620
Investments	-	2,260,352	258,993	5,541,330	-	-	-	-	-	-	-	8,060,675
Promises to give - Current portion	220,775	4,622,846	77,500	1,800,612	150,000	564,000	335,000	-	-	-	-	7,770,733
Other receivable	5,432	8,198	-	-	6,300	5,401	-	-	-	-	-	25,331
Interorganization receivable	-	-	204,028	-	-	573,317	1,107,540	349,366	-	491,326	(2,725,577)	-
Prepaid expenses	69,443	113,208	-	3,250	-	-	-	-	-	-	-	185,901
Total current assets	6,658,162	10,743,363	1,874,764	17,211,792	581,155	2,174,356	1,913,277	514,325	737,916	840,727	(2,725,577)	40,524,260
Promises to Give - Net of current portion	920,181	685,249	2,383	-	48,447	14,316	14,435	-	-	-	-	1,685,011
Furniture and Equipment - Net	61,902	3,208	-	45	901	-	-	-	-	-	-	66,056
Total noncurrent assets	982,083	688,457	2,383	45	49,348	14,316	14,435	-	-	-	-	1,751,067
Total assets	<u>\$ 7,640,245</u>	<u>\$ 11,431,820</u>	<u>\$ 1,877,147</u>	<u>\$ 17,211,837</u>	<u>\$ 630,503</u>	<u>\$ 2,188,672</u>	<u>\$ 1,927,712</u>	<u>\$ 514,325</u>	<u>\$ 737,916</u>	<u>\$ 840,727</u>	<u>\$ (2,725,577)</u>	<u>\$ 42,275,327</u>
Liabilities and Net Assets												
Current Liabilities												
Accounts payable and accrued expenses	\$ 1,209,647	\$ 219,225	\$ 5,610	\$ 28,952	\$ 5,789	\$ 6,336	\$ (640)	\$ -	\$ -	\$ 4,362	\$ -	\$ 1,479,281
Scholarships payable	18,375	2,845,094	1,030,867	3,277,582	325,670	1,100,572	276,000	148,627	152,000	285,068	-	9,459,855
Interorganization payable	2,330,986	175,137	-	179,944	28,305	-	-	-	11,205	-	(2,725,577)	-
Total liabilities	3,559,008	3,239,456	1,036,477	3,486,478	359,764	1,106,908	275,360	148,627	163,205	289,430	(2,725,577)	10,939,136
Net Assets												
Without donor restrictions	2,940,281	-	-	-	-	-	-	-	(21,692)	-	-	2,918,589
With donor restrictions	1,140,956	8,192,364	840,670	13,725,359	270,739	1,081,764	1,652,352	365,698	596,403	551,297	-	28,417,602
Total net assets	4,081,237	8,192,364	840,670	13,725,359	270,739	1,081,764	1,652,352	365,698	574,711	551,297	-	31,336,191
Total liabilities and net assets	<u>\$ 7,640,245</u>	<u>\$ 11,431,820</u>	<u>\$ 1,877,147</u>	<u>\$ 17,211,837</u>	<u>\$ 630,503</u>	<u>\$ 2,188,672</u>	<u>\$ 1,927,712</u>	<u>\$ 514,325</u>	<u>\$ 737,916</u>	<u>\$ 840,727</u>	<u>\$ (2,725,577)</u>	<u>\$ 42,275,327</u>

Alliance for Choice in Education and Subsidiaries

Departmental Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Kansas SGO	Arkansas	Eliminating Entries	Total
Support and Revenue												
Contributions	\$ 3,654,745	\$ 6,872,018	\$ 2,178,695	\$ 10,600,034	\$ 1,374,557	\$ 5,125,987	\$ 235,418	\$ -	\$ 346,801	\$ 7,158,733	\$ -	\$ 37,546,988
In-kind contributions	3,414	3,428	-	-	-	-	-	-	-	-	-	6,842
Other	10,269	51,015	6,809	185,387	43	1,382	41	50	322	-	-	255,318
Shared services revenue	2,800,000	-	-	-	-	-	-	-	-	-	(2,800,000)	-
Total support and revenue	6,468,428	6,926,461	2,185,504	10,785,421	1,374,600	5,127,369	235,459	50	347,123	7,158,733	(2,800,000)	37,809,148
Expenses												
Program services:												
Primary and secondary scholarships	28,500	5,067,081	1,691,455	6,893,237	508,909	1,595,260	389,988	196,938	278,401	984,612	-	17,634,381
Other education support programs	1,797,711	949,274	121,356	327,916	142,579	299,948	89,016	81,008	28,452	136,538	(1,330,000)	2,643,798
Total program services	1,826,211	6,016,355	1,812,811	7,221,153	651,488	1,895,208	479,004	277,946	306,853	1,121,150	(1,330,000)	20,278,179
Support services:												
Fundraising	1,167,869	1,935,440	161,051	363,450	155,714	670,704	75,771	50,574	19,453	122,156	(952,000)	3,770,182
General and administrative	781,494	283,680	33,718	96,528	28,200	81,830	23,297	9,269	17,250	36,848	(518,000)	874,114
Total support services	1,949,363	2,219,120	194,769	459,978	183,914	752,534	99,068	59,843	36,703	159,004	(1,470,000)	4,644,296
Total expenses	3,775,574	8,235,475	2,007,580	7,681,131	835,402	2,647,742	578,072	337,789	343,556	1,280,154	(2,800,000)	24,922,475
Increase (Decrease) in Net Assets	2,692,854	(1,309,014)	177,924	3,104,290	539,198	2,479,627	(342,613)	(337,739)	3,567	5,878,579	-	12,886,673
Net Assets - Beginning of year	4,081,237	8,192,364	840,670	13,725,359	270,739	1,081,764	1,652,352	365,698	574,711	551,297	-	31,336,191
Net Assets - End of year	<u>\$ 6,774,091</u>	<u>\$ 6,883,350</u>	<u>\$ 1,018,594</u>	<u>\$ 16,829,649</u>	<u>\$ 809,937</u>	<u>\$ 3,561,391</u>	<u>\$ 1,309,739</u>	<u>\$ 27,959</u>	<u>\$ 578,278</u>	<u>\$ 6,429,876</u>	<u>\$ -</u>	<u>\$ 44,222,864</u>

Alliance for Choice in Education and Subsidiaries

Departmental Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	National Office	Colorado	Montana	Louisiana	Kansas	Texas	Wyoming	Missouri	Kansas SGO	Arkansas	Eliminating Entries	Total
Support and Revenue												
Contributions	\$ 5,519,684	\$ 9,773,749	\$ 2,201,567	\$ 6,986,577	\$ 808,923	\$ 2,562,400	\$ 1,308,472	\$ 506,687	\$ 325,516	\$ 1,124,807	\$ -	\$ 31,118,382
In-kind contributions	2,456	6,199	-	-	-	27,546	-	-	-	-	-	36,201
Other	1,617	53,998	5,672	157,706	416	742	395	1	532	-	-	221,079
Shared services revenue	2,300,000	-	-	-	-	-	-	-	-	-	(2,300,000)	-
Total support and revenue	7,823,757	9,833,946	2,207,239	7,144,283	809,339	2,590,688	1,308,867	506,688	326,048	1,124,807	(2,300,000)	31,375,662
Expenses												
Program services:												
Primary and secondary scholarships	67,972	5,722,371	1,984,104	6,590,945	670,791	2,208,421	565,500	298,103	286,261	576,109	-	18,970,577
Other education support programs	1,921,936	749,689	99,012	334,309	109,528	336,540	59,461	49,229	14,342	157,415	(1,092,500)	2,738,961
Total program services	1,989,908	6,472,060	2,083,116	6,925,254	780,319	2,544,961	624,961	347,332	300,603	733,524	(1,092,500)	21,709,538
Support services:												
Fundraising	1,425,898	1,772,149	114,328	285,953	306,364	744,358	163,781	109,200	10,569	217,065	(782,000)	4,367,665
General and administrative	779,407	227,432	25,685	63,687	28,912	84,641	15,096	10,283	9,732	30,631	(425,500)	850,006
Total support services	2,205,305	1,999,581	140,013	349,640	335,276	828,999	178,877	119,483	20,301	247,696	(1,207,500)	5,217,671
Total expenses	4,195,213	8,471,641	2,223,129	7,274,894	1,115,595	3,373,960	803,838	466,815	320,904	981,220	(2,300,000)	26,927,209
Increase (Decrease) in Net Assets	3,628,544	1,362,305	(15,890)	(130,611)	(306,256)	(783,272)	505,029	39,873	5,144	143,587	-	4,448,453
Net Assets - Beginning of year	452,693	6,830,059	856,560	13,855,970	576,995	1,865,036	1,147,323	325,825	569,567	407,710	-	26,887,738
Net Assets - End of year	<u>\$ 4,081,237</u>	<u>\$ 8,192,364</u>	<u>\$ 840,670</u>	<u>\$ 13,725,359</u>	<u>\$ 270,739</u>	<u>\$ 1,081,764</u>	<u>\$ 1,652,352</u>	<u>\$ 365,698</u>	<u>\$ 574,711</u>	<u>\$ 551,297</u>	<u>\$ -</u>	<u>\$ 31,336,191</u>