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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Aid To Inmate Mothers, Inc.
Montgomery, Alabama

We have audited the accompanying financial statements of the Aid To Inmate Mothers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Aid To Inmate Mothers, Inc. as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Leadingham Rogers, LLC

Montgomery, Alabama
November 15, 2021

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA
DECEMBER 31, 2020

INDEX

INDEPENDENT AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION

Exhibit A

STATEMENT OF ACTIVITIES

Exhibit B

STATEMENT OF CASH FLOWS

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES

Exhibit D

NOTES TO FINANCIAL STATEMENTS

Exhibit E

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 55,171	\$ -0-	\$ 55,171
Deposits	1,034	-0-	1,034
Pledges and grants receivable	<u>48,895</u>	<u>-0-</u>	<u>48,895</u>
Total Current Assets	<u>\$ 105,100</u>	<u>\$ -0-</u>	<u>\$ 105,100</u>
PROPERTY AND EQUIPMENT			
Property and equipment	\$ 198,228	\$ -0-	\$ 198,228
LESS: Accumulated depreciation	<u>108,762</u>	<u>-0-</u>	<u>108,762</u>
Total Property and Equipment	<u>\$ 89,466</u>	<u>\$ -0-</u>	<u>\$ 89,466</u>
TOTAL ASSETS	<u>\$ 194,566</u>	<u>\$ -0-</u>	<u>\$ 194,566</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued expenses	\$ 4,000	\$ -0-	\$ 4,000
Payroll liabilities	<u>5,738</u>	<u>-0-</u>	<u>5,738</u>
Total Current Liabilities	<u>\$ 9,738</u>	<u>\$ -0-</u>	<u>\$ 9,738</u>
TOTAL LIABILITIES	<u>\$ 9,738</u>	<u>\$ -0-</u>	<u>\$ 9,738</u>
NET ASSETS	<u>\$ 184,828</u>	<u>\$ -0-</u>	<u>\$ 184,828</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 194,566</u>	<u>\$ -0-</u>	<u>\$ 194,566</u>

See independent auditors' report.
See notes to financial statements.

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
State, City and foundation support	\$ 89,157	\$ 99,348	\$ 188,505
United Way	31,306	-0-	31,306
Individuals, churches and organizations	65,349	-0-	65,349
Rent	11,410	-0-	11,410
Interest	7	-0-	7
Fundraising	764	-0-	764
COVID relief income	43,200	-0-	43,200
	<u>\$ 241,193</u>	<u>\$ 99,348</u>	<u>\$ 340,541</u>
Total revenue and support			
	<u>\$ 241,193</u>	<u>\$ 99,348</u>	<u>\$ 340,541</u>
EXPENDITURES			
PROGRAM SERVICES	<u>\$ 128,678</u>	<u>\$ 99,348</u>	<u>\$ 228,026</u>
SUPPORTING SERVICES			
General and administrative	\$ 72,750	\$ -0-	\$ 72,750
Fundraising	5,560	-0-	5,560
	<u>\$ 78,310</u>	<u>\$ -0-</u>	<u>\$ 78,310</u>
Total supporting services			
	<u>\$ 78,310</u>	<u>\$ -0-</u>	<u>\$ 78,310</u>
TOTAL EXPENDITURES	<u>\$ 206,988</u>	<u>\$ 99,348</u>	<u>\$ 306,336</u>
CHANGE IN NET ASSETS	\$ 34,205	\$ -0-	\$ 34,205
NET ASSETS, BEGINNING OF YEAR	<u>150,623</u>	<u>-0-</u>	<u>150,623</u>
NET ASSETS, END OF YEAR	<u>\$ 184,828</u>	<u>\$ -0-</u>	<u>\$ 184,828</u>

See independent auditors' report.
See notes to financial statements.

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 34,205
Adjustment to reconcile change in net assets to net cash used by operating activities:	
Depreciation	6,198
Change in operating assets and liabilities:	
Decrease in pledges and grants receivable	7,980
Decrease in accounts payable	(991)
Decrease in accrued expenses	(169)
Decrease in prepaid rent	<u>3,752</u>
Net cash provided by operating activities	<u>\$ 50,975</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on Line of Credit	\$ <u>(5,000)</u>
Net cash used by financing activities	<u>\$ (5,000)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS **\$ 45,975**

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR **9,196**

CASH AND CASH EQUIVALENTS AT END OF YEAR **\$ 55,171**

SUPPLEMENTAL CASH FLOWS DISCLOSURES:

Cash paid during the year for:	
Interest	\$ 38

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM</u>	<u>GENERAL / ADMIN</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 158,428	\$ 21,968	\$ 2,477	\$ 182,873
Payroll taxes	8,993	1,240	103	10,336
Direct program expenses	52,532	6,718	803	60,053
Professional fees	417	3,542	208	4,167
Meals and entertainment	397	3,377	199	3,973
Legal and accounting	1,218	10,353	609	12,180
Copier lease and maintenance	122	1,040	61	1,223
Office expenses	562	4,777	282	5,621
Insurance	-0-	9,537	-0-	9,537
Postage and shipping	210	1,782	105	2,097
Operating supplies	162	1,381	81	1,624
Vehicle expenses	303	2,573	151	3,027
Depreciation	4,339	1,549	310	6,198
Finance/interest expense	264	2,245	132	2,641
Professional memberships	79	668	39	786
TOTAL	<u>\$ 228,026</u>	<u>\$ 72,750</u>	<u>\$ 5,560</u>	<u>\$ 306,336</u>

See independent auditors' report.
See notes to financial statements.

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA
DECEMBER 31, 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Aid to Inmate Mothers, Incorporated (AIM) is a private, nonprofit organization founded in 1990. The Corporation's purpose is to provide vital support services for Alabama incarcerated mothers and their children, to work with these incarcerated mothers to provide emotional support, conduct GED classes, parenting, job skills, social abuse and drug abuse classes aimed at providing the women the opportunity to reenter society and have a successful relationship with their families, and to improve the relationship between the incarcerated mothers and their children.

Basis of Presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this method of accounting, AIM recognizes revenues and expenditures in the accounting period in which they are earned and incurred, rather than when they are received and paid.

AIM reports information regarding its financial position in compliance with GAAP, and as such, follows ASU No. 2016-14 (FASB ASC 958-210) regarding the classification of net assets using two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Please reference the net asset classification section – continued in Note 1 regarding further disclosures.

Cash and Cash Equivalents

For purposes of the statement of cash flows, AIM considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

AIM capitalizes property and equipment at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, AIM reports expirations of donor restrictions when the donated or acquired assets are placed in service. AIM reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. The major categories of property and equipment net of accumulated depreciation are:

	<u>Cost</u>
Building	\$ 120,460
Leasehold improvements	12,674
Land	5,000
Automobile	9,979
Equipment	49,414
Software	701
LESS: accumulated depreciation	<u>(108,762)</u>
NET BOOK VALUE	<u>\$ 89,466</u>

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

(continued on next page)

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA
DECEMBER 31, 2020

Exhibit E
Page 2

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

AIM is a not-for-profit corporation formed pursuant to the not-for-profit provisions of the State of Alabama and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. AIM's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, 2019 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

AIM adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. AIM has analyzed tax positions taken for filing with the Internal Revenue Service. AIM believed that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on AIM's financial condition, results of operations or cash flows. Accordingly, AIM has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020. AIM is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. AIM believes it is no longer subject to income tax examinations for years prior to 2018.

Accounting for Contributions

AIM accounts for contributions received and contributions made based on the determination of the restrictions placed on contributions and unconditional promises to give, as well as recognition of a contribution at estimated fair value in the period the promise to give is made. All contributions are considered available for unrestricted use, unless specifically restricted by the donor.

AIM accounts for contributions received on behalf of other organizations as agency transactions in accordance with FASB ASC 958-605-25-23, *Transfers of Assets to a Non-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

Donated Goods and Services

Donated goods are reflected as contributions at their estimated fair market value at the date of donation. AIM recognizes contribution revenue for certain services received at the fair value of those services. Such revenues are recognized by AIM when the services received either create or enhance nonfinancial assets, or the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

Date of Management's Review

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 those estimates.

In preparing the financial statements, Management evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued.

(continued on next page)

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA
DECEMBER 31, 2020

Exhibit E
Page 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification

In prior years, the Organization presented the statement of financial position using three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, following GAAP FASB No. 117. The Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* effective for the 2018 year. GAAP mandated this guidance in order to improve the net asset classification requirements, the information presented in the financial statements, and the notes regarding not-for-profit entity's liquidity, financial performance, and cash flows. Implementing this net asset re-classification, the Organization reports information regarding its financial position and results of operations according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is place in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

Reference Note 5 and Note 6 for further disclosures of the two net asset classes and the types of transactions affecting each class.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

AIM maintains cash balances at one financial institution. The cash balance at the financial institution is insured by the Federal Deposit Insurance Corporation up to \$ 250,000 on interest-bearing accounts. At December 31, 2020, AIM had no uninsured balances.

NOTE 3 - COMPENSATED ABSENCES

AIM's policy on compensated absences is to recognize the costs when actually paid to employees. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements.

NOTE 4 - LINE OF CREDIT

AIM maintains an operating line of credit with PNC Bank with a credit limit of \$ 30,000 at a 9.35% interest rate. This line of credit is maintained solely as a reserve for accessible cash liquidity. A \$ -0- balance was due as of December 31, 2020, as the line of credit was paid in full in January of 2020.

NOTE 5 - NET ASSETS WITHOUT DONOR RESTRICTIONS

- **Net Assets Without Donor Restrictions** – Contributions and other assets that are not subject to donor-imposed restrictions. Items that affect this net asset class principally consist of fees for service and related expenses associated with core activities of the Organization such as: donations, instruction, outreach, re-entry and aftercare programs, memberships, dues, licensing/continuing education fees, program registration, and conference/event revenue. The Organization had \$ 184,828 in net assets without donor restrictions for the year ended December 31, 2020.
- **Board Designated Net Assets Without Donor Restrictions** - In addition, this net asset category includes investment funds and returns on investments for long-term purpose, any funds functioning as endowment funds, and philanthropic donations without donor restrictions, that is designated by the Board of Directors (the Board). There were no net assets without donor restrictions that were designated by the Board as of December 31, 2020.

(continued on next page)

AID TO INMATE MOTHERS, INC.
MONTGOMERY, ALABAMA
DECEMBER 31, 2020

Exhibit E

Page 4

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

- **Net Assets With Donor Restrictions** - Support that is stipulated by the donor to be used for a specific purpose, period of time, or that creates a permanent source of donor designated revenue. Items that affect this net asset class are gifts for which donor-imposed restrictions are to be maintained permanently or have not been met in the year of receipt; including: gifts and grants for buildings/equipment not yet placed in service, term endowments, annuity and life income gifts, donor restricted pledges, and any donor support to be maintained permanently by the Organization. AIM collected and remitted \$ 99,348 in support and expenses with donor restrictions for the year ended December 31, 2020.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

AIM's primary source of support consists of State, County, and Foundation grants. The Donor Restricted portion of grants are exchange transactions in which revenue is recognized when reimbursable or allowable costs have been incurred. A substantial portion of financial assets represents funds received or receivable for the purpose of liquidating grant obligations incurred from the current year. Thus, any restrictions on financial assets would consist of reimbursement receivables AIM has incurred as expenses, but not yet received. It should also be noted, these amounts historically have been reimbursed in the same period incurred, and therefore are released from restrictions during the current financial position date.

Another substantial portion of support and financial assets consists of annual resources received without donor restrictions that may be used in the event of an immediate liquidity need. As part of AIM'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.

NOTE 8 - PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP). The Paycheck Protection Program was initiated by the Small Business Administration (SBA), to provide small business loans and grants for financial aid and relief during COVID-19.

On April 30, 2020, the SBA granted AIM a PPP Loan that was obtained through Hope Enterprise Corporation, in the amount of \$ 28,200. The PPP Loan was fully forgiven, in its entirety, on September 22, 2021, and as such, is reflected as "COVID relief income" on the statement of activities for the December 31, 2020 year ended.

On September 23, 2020, AIM also received an additional \$ 15,000 grant from the State of Alabama known as the Revive Plus COVID-19 Relief Grant. This grant was an additional economic stimulus measure that provided financial aid and relief for small businesses during COVID-19, with no funding repayment requirements. As such, the Revive Plus COVID-19 grant of \$ 15,000 is also reflected in the "COVID relief income" on the statement of activities for the December 31, 2020 year ended.