

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Financial Statements

**For the Year Ended
December 31, 2024**

(With Summarized Comparative Totals for 2023)

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Public Affairs Research Council of Alabama

Opinion

We have audited the accompanying financial statements of the Public Affairs Research Council of Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Affairs Research Council of Alabama as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Affairs Research Council of Alabama and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Affairs Research Council of Alabama's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

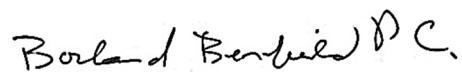
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Public Affairs Research Council of Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Affairs Research Council of Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Public Affairs Research Council of Alabama's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Borland Benefield, P.C.
Birmingham, Alabama
July 24, 2025

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Statement of Financial Position
As of December 31, 2024
(With Summarized Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 260,247	\$ 345,953
Certificate of deposit	51,063	-
Accounts receivable	164,747	153,375
Prepaid expenses	55,901	3,500
Total Current Assets	<u>531,958</u>	<u>502,828</u>
Total Assets	<u>\$ 531,958</u>	<u>\$ 502,828</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 5,543	\$ 8,484
Contract obligations	32,917	-
Total Current Liabilities	<u>38,460</u>	<u>8,484</u>
Net Assets		
Without donor restrictions	<u>493,498</u>	<u>494,344</u>
Total Liabilities and Net Assets	<u>\$ 531,958</u>	<u>\$ 502,828</u>

See accompanying notes to financial statements.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

**Statement of Activities
For the Year Ended December 31, 2024
(With Summarized Comparative Totals for 2023)**

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenue and Other Support				
Contract revenue	\$ 561,190	\$ -	\$ 561,190	\$ 571,160
Contributions	510,816	-	510,816	477,161
Annual meeting and speaker series	55,273	-	55,273	69,359
Contributions of nonfinancial assets	80,000	-	80,000	75,000
Membership dues	18,425	-	18,425	18,525
Interest income	1,129	-	1,129	123
Miscellaneous income	403	-	403	872
Total Revenue and Other Support	<u>1,227,236</u>	<u>-</u>	<u>1,227,236</u>	<u>1,212,200</u>
Expenses				
Program services				
Policy and data	320,604	-	320,604	320,568
Program evaluation	365,337	-	365,337	348,311
Technical assistance	132,399	-	132,399	141,544
Supporting services				
General and administrative	237,699	-	237,699	246,956
Development	172,043	-	172,043	192,575
Total Expenses	<u>1,228,082</u>	<u>-</u>	<u>1,228,082</u>	<u>1,249,954</u>
Change in Net Assets	(846)	-	(846)	(37,754)
Net Assets, Beginning of Year	<u>494,344</u>	<u>-</u>	<u>494,344</u>	<u>532,098</u>
Net Assets, End of Year	<u>\$ 493,498</u>	<u>\$ -</u>	<u>\$ 493,498</u>	<u>\$ 494,344</u>

See accompanying notes to financial statements.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

**Statement of Functional Expenses
For the Year Ended December 31, 2024
(With Summarized Comparative Totals for 2023)**

	Program Services				Support Services					
				Total			Total	2024	2023	
	Policy and Data	Program Evaluation	Technical Assistance	Program Services	General and Administrative	Development	Support Services	Total Expenses	Total Expenses	
Expenses										
Salaries and wages	\$ 196,521	\$ 243,957	\$ 101,649	\$ 542,127	\$ 94,872	\$ 40,660	\$ 135,532	\$ 677,659	\$ 586,906	
Benefits	50,994	63,302	26,376	140,672	28,428	10,550	38,978	179,650	185,179	
Contract services	25,840	51,044	-	76,884	544	36,423	36,967	113,851	155,865	
Donated facilities and services	-	-	-	-	75,000	5,000	80,000	80,000	75,000	
Software	3,950	3,696	2,846	10,492	6,897	14,220	21,117	31,609	42,730	
Catering	17,767	-	-	17,767	263	10,463	10,726	28,493	36,964	
Speaker	2,918	-	-	2,918	-	24,196	24,196	27,114	65,485	
Staff development	7,146	1,588	993	9,727	2,921	5,783	8,704	18,431	17,743	
Facility	2,956	-	-	2,956	-	12,724	12,724	15,680	19,073	
Accounting fees	-	-	-	-	10,000	-	10,000	10,000	10,000	
Printing and postage	1,739	293	122	2,154	2,267	3,244	5,511	7,665	7,311	
Marketing	1,175	-	-	1,175	2,695	3,485	6,180	7,355	13,447	
Office supplies	168	-	-	168	1,250	5,007	6,257	6,425	919	
Telephone and telecommunications	765	950	396	2,111	3,923	158	4,081	6,192	12,998	
Travel and meetings	3,580	473	-	4,053	494	-	494	4,547	3,770	
Research materials	3,643	-	17	3,660	32	-	32	3,692	4,092	
Board expenses	-	-	-	-	2,545	-	2,545	2,545	2,059	
Insurance	-	-	-	-	2,078	-	2,078	2,078	2,349	
Bank fees	657	-	-	657	1,126	130	1,256	1,913	3,348	
Dues and subscriptions	369	-	-	369	1,499	-	1,499	1,868	1,866	
Business meals	322	34	-	356	296	-	296	652	794	
Miscellaneous	94	-	-	94	346	-	346	440	1,731	
Licenses and permits	-	-	-	-	189	-	189	189	189	
Memorials and gifts	-	-	-	-	34	-	34	34	136	
Total Expenses	\$ 320,604	\$ 365,337	\$ 132,399	\$ 818,340	\$ 237,699	\$ 172,043	\$ 409,742	\$ 1,228,082	\$ 1,249,954	

See accompanying notes to financial statements.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Statement of Cash Flows
For the Year Ended December 31, 2024
(With Summarized Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Cash received from program services	\$ 633,008	\$ 552,176
Cash received from contributors and grants	595,816	552,161
Cash received from memberships	18,425	18,525
Other cash received	403	123
Interest received	1,129	-
Cash paid to suppliers and employees	<u>(1,283,424)</u>	<u>(1,316,147)</u>
Net Cash (Used) by Operating Activities	<u>(34,643)</u>	<u>(193,162)</u>
 Cash Flows From Investing Activities		
Purchase of Certificate of Deposit	<u>(51,063)</u>	<u>-</u>
Net Cash (Used) by Investing Activities	<u>(51,063)</u>	<u>-</u>
 Net Decrease in Cash and Cash Equivalents	 (85,706)	 (193,162)
 Cash and Cash Equivalents, Beginning of Year	 <u>345,953</u>	 <u>539,115</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 260,247</u>	 <u>\$ 345,953</u>

See accompanying notes to financial statements.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Notes to Financial Statements For the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

Nature of Operations – The Public Affairs Research Council of Alabama (PARCA) was formed by a group of Alabama civic leaders who wished to make an investment in the future of the state of Alabama. They believed that the citizens of the state must understand the issues facing them in order to deal with those issues. PARCA works to inform and improve the decision-making of state and local leaders in Alabama through objective research and analysis.

Basis of Accounting – The financial statements of PARCA have been prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned rather than when received and expenses are recorded when the obligation is incurred rather than when paid.

Basis of Presentation – The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958-205, Presentation of Financial Statements for Not-for-Profit Organizations. Under ASC 958-205, PARCA is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Net assets without donor restrictions represent revenues and expenses related to the operation and management of PARCA's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered without donor restrictions. Donor-restricted contributions that are expended for their restricted purpose in the same accounting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions represent resources available for use, but expendable only for the purposes specifically stated by the donor.

Cash and Cash Equivalents – PARCA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificate of Deposit – PARCA has a certificate of deposit and it is reported at cost. See note 6 for further information.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Accounts Receivable – Accounts receivable are stated as the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit losses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management has determined all receivables are currently collectible and any allowance to be immaterial.

Contributions and Grants - All contributions and grants are considered available for PARCA's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as an increase to net assets with donor restrictions. Contributions and grants received with restrictions that are met in the same reporting period are reported as an increase to net assets without donor restrictions.

See independent auditor's report.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions of Nonfinancial Assets - Contributions of nonfinancial assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Revenue from Contracts with Customers – PARCA has adopted ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”), which provides guidance for reporting revenue from PARCA’s contracts to provide goods and services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. Revenue-generating transactions that are excluded from the scope of ASC 606 include revenue generated from financial instruments, such as securities, and donor contributions.

Revenue-generating transactions that are within the scope of ASC 606 are described as follows:

Contract revenue – Revenue from contracts with customers is not recognized as earned until the performance obligations are satisfied, which is when the activities or services are provided, pursuant to the contract with the customer.

Membership dues – Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which PARCA expects to be entitled in exchange for providing membership to its members. Payment of annual dues entitles members access to a group of membership benefits and are treated as a single performance obligation and recognized when incurred or paid.

Annual meeting registration fees – Revenue from contracts with members for annual meeting registration fees are recognized when incurred or paid.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and their supporting services. Expenses related to more than one function are charged to programs and their supporting services on the basis of periodic time and expense studies. The expenses that are allocated are certain salaries and benefits, which are allocated on the basis of estimates of time and effort; supplies, office, and insurance, which are allocated based on estimates of usage.

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 PARCA.

Income Taxes – PARCA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to PARCA’s tax-exempt purpose is subject to taxation as unrelated business income.

As of December 31, 2024, PARCA had no uncertain tax positions that qualify for disclosure in the financial statements. PARCA files an annual Form 990 with the Internal Revenue Service, and its tax returns for the year 2021 and subsequent years remain subject to examination by tax authorities.

Note 2 – Concentrations of Financial Risk

PARCA maintains deposits at financial institutions, which, at times, may exceed federally insured limits. PARCA has not experienced any losses in such amounts and believes it is not exposed to any significant credit risk.

See independent auditor's report.

PUBLIC AFFAIRS RESEARCH COUNCIL OF ALABAMA

Notes to Financial Statements (continued) For the Year Ended December 31, 2024

Note 3 – Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable on the Statement of Financial Position. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (quarterly or monthly) or upon achievement of contractual milestones. Customer accounts included in Accounts receivable and as contract obligations on the Statement of Financial Position were \$164,747 and 32,917, respectively, as of December 31, 2024.

Note 4 – Contributed Facility and Services

PARCA received the following contributed nonfinancial assets during the year ended December 31, 2024:

Facilities	\$	45,000
Advertisement		5,000
Administrative Services		30,000
Total Contributed Nonfinancial Assets	\$	80,000

Contributed facilities included the use of office space in Birmingham on the campus of Samford University (the University). Contributed facilities are reported at the estimated fair value in the financial statements based on the estimated fair market rental value.

Contributed administrative services consist of parking, facilities, and IT infrastructure provided by the University. Contributed administrative services are reported at the estimated fair value in the financial statements based on the wholesale values that would be received for selling similar products.

Note 5 – Liquidity and Availability of Resources

PARCA has \$476,057 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of \$260,247 in cash, 51,063 in a certificate of deposit, and \$164,747 in accounts receivable. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. PARCA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 6 – Certificate of Deposit

On May 7, 2024, PARCA purchased a certificate of deposit with Synovus Bank in the amount of \$51,063. The certificate accrued interest at 5% per annum and matured on October 9, 2024. On October 9, 2024, the CD was renewed for an additional 5 months. The certificate accrues interest at 4.2% per annum and matures on March 9, 2025.

Note 7 – Subsequent Events

Management has evaluated subsequent events as of July 24, 2025, the date the financial statements were available to be issued.

See independent auditor's report.