

**PARKER COUNTY CENTER OF HOPE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016**



**GMS**

CERTIFIED PUBLIC  
ACCOUNTANTS

GEORGE | MORGAN | SNEED

**PARKER COUNTY CENTER OF HOPE, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2017 AND 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Parker County Center of Hope, Inc.  
Weatherford, Texas

We have audited the accompanying statements of Parker County Center of Hope, Inc. (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker County Center of Hope, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*George Morgan Freed, P.C.*

Weatherford, Texas  
October 5, 2017

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 321,389	\$ 206,170
Receivables	76,401	82,630
Inventory	92,665	103,198
Prepaid Expense	8,949	8,478
Total current assets	499,404	400,476
<b>PROPERTY AND EQUIPMENT:</b>		
Land	229,477	229,477
Construction in Progress	537,892	346,621
Equipment - Food Store	48,602	36,212
Furniture and fixtures	33,265	33,265
Leasehold Improvements	34,567	32,518
Office Computer/Equipment	70,657	70,657
Vehicles	102,749	102,749
Training Center Equipment/Software	33,825	33,825
Buildings	113,615	115,663
Less-accumulated depreciation	(241,461)	(213,700)
Property and equipment-net	963,188	787,287
<b>OTHER ASSETS:</b>		
Cash restricted for Building Fund	707,452	429,141
Pledges restricted for Building Fund	36,615	99,990
Total other assets	744,067	529,131
<b>TOTAL ASSETS</b>	<b>\$ 2,206,659</b>	<b>\$ 1,716,894</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 12,534	\$ 2,852
Credit card payable	5,841	4,080
Accrued payroll	12,929	11,606
Other liabilities	4,878	3,957
Total current liabilities	36,182	22,495
<b>NET ASSETS:</b>		
Unrestricted		
Designated by Board of Directors	86,539	88,885
Undesignated	1,204,391	1,017,987
Total Unrestricted Net Assets	1,290,930	1,106,872
Temporarily restricted	879,547	587,527
Total net assets	2,170,477	1,694,399
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,206,659</b>	<b>\$ 1,716,894</b>

**The accompanying notes are an integral part of this statement.**

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016		
	Temporarily			Temporarily		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Contributions	\$ 789,830	\$ 639,319	\$ 1,429,149	\$ 668,530	\$ 756,290	\$ 1,424,820
In-kind Donations						
Assets	-		-	628		628
Facility	840		840	840		840
Groceries	747,311		747,311	784,433		784,433
Meals	61,002		61,002	56,112		56,112
Services	227,055		227,055	243,989		243,989
Donated resale items	208,149		208,149	209,626		209,626
Other	8,859		8,859	2,645		2,645
Special Events	29,847		29,847	70,175		70,175
Interest Income	653	81	734	401		401
Other Income	17,100		17,100	15,058		15,058
Sales resale store	210,006		210,006	212,259		212,259
Less cost of resale items	(208,519)		(208,519)	(209,907)		(209,907)
Net assets released from restrictions	347,380	(347,380)	-	269,972	(269,972)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>2,439,513</b>	<b>292,020</b>	<b>2,731,533</b>	<b>2,324,761</b>	<b>486,318</b>	<b>2,811,079</b>
<b>EXPENSES AND LOSSES:</b>						
<b>Program Services</b>						
Basic Assistance	1,244,780		1,244,780	1,191,507		1,191,507
Education and Career Development	169,320		169,320	214,647		214,647
Family Empowerment	79,580		79,580	81,705		81,705
Hope Chest	216,826		216,826	246,502		246,502
Kingdom Smiles	216,243		216,243	249,089		249,089
<b>Total program services</b>	<b>1,926,749</b>	<b>-</b>	<b>1,926,749</b>	<b>1,983,450</b>	<b>-</b>	<b>1,983,450</b>
<b>Supporting services</b>						
Management and general	226,281		226,281	202,080		202,080
Fund-raising	102,425		102,425	114,624		114,624
<b>Total supporting services</b>	<b>328,706</b>	<b>-</b>	<b>328,706</b>	<b>316,704</b>	<b>-</b>	<b>316,704</b>
<b>TOTAL EXPENSES AND LOSSES</b>	<b>2,255,455</b>	<b>-</b>	<b>2,255,455</b>	<b>2,300,154</b>	<b>-</b>	<b>2,300,154</b>
<b>CHANGE IN NET ASSETS</b>	<b>184,058</b>	<b>292,020</b>	<b>476,078</b>	<b>24,607</b>	<b>486,318</b>	<b>510,925</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,106,872</b>	<b>587,527</b>	<b>1,694,399</b>	<b>1,082,265</b>	<b>101,209</b>	<b>1,183,474</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,290,930</b>	<b>\$ 879,547</b>	<b>\$ 2,170,477</b>	<b>\$ 1,106,872</b>	<b>\$ 587,527</b>	<b>\$ 1,694,399</b>

The accompanying notes are an integral part of this statement.

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services							Total
	Basic Assistance	Education and Career Development	Family Empowerment	Hope Chest	Kingdom Smiles	Management and General	Fund-raising	
Compensation and related expenses								
Salaries	\$ 155,257	\$ 51,813	\$ 47,468	\$ 92,001	\$ 7,419	\$ 132,733	\$ 83,614	\$ 570,305
Payroll taxes	12,250	5,316	4,508	9,454	684	12,291	7,594	52,097
Staff insurance	1,938	285		1,637	104	2,436	2,127	8,527
Workers compensation ins	2,309	150	161	3,331	-	943		6,894
Retirement	1,545	350	164	151	96	1,941	1,695	5,942
	<u>173,299</u>	<u>57,914</u>	<u>52,301</u>	<u>106,574</u>	<u>8,303</u>	<u>150,344</u>	<u>95,030</u>	<u>643,765</u>
Client Assistance								
Medical, dental and prescriptions	17,598	-	-	-	177,406	-	-	195,004
Utilities	53,565	11,392	-	-	-	-	-	64,957
Other	14,918	10,354	-	-	-	-	-	25,272
Groceries	771,726	-	7,537	-	-	-	-	779,263
Meals Served	61,002	-	-	-	-	-	-	61,002
Advertising	-	-	-	6,856	-	-	-	6,856
Auto Expense	4,198	2,553	240	1,371	-	-	-	8,362
Auto Insurance	2,708	136	224	1,544	-	1,395	-	6,007
Bank and Credit Card Charges	-	-	-	5,368	-	121	-	5,489
Community Outreach	991	2,715	783	2,868	76	2,314	-	9,747
Occupancy								
Building Maintenance	3,846	-	960	-	-	1,648	-	6,454
Rent	21,637	23,274	4,008	67,800	-	4,961	-	121,680
Utilities	9,658	2,252	1,964	7,101	-	1,840	-	22,815
Garbage	1,167	470	142	2,024	-	222	-	4,025
Database User Fee	4,940	3,396	409	-	179	2,433	-	11,357
Depreciation Expense	24,165	7,940	690	-	-	1,726	-	34,521
Director's & Officers Ins	177	177	118	177	-	532	-	1,181
Other Insurance	1,778	1,768	505	2,599	37	530	-	7,217
Dues and Subscriptions	278	169	-	-	-	880	-	1,327
Employee Business Expenses	1,052	1,798	808	2,339	16	701	3,506	10,220
Supplies								
Bible and study supplies	-	2,700	2,155	-	-	-	-	4,855
Kitchen	3,654	-	-	-	-	-	-	3,654
Maintenance	2,134	1,167	161	381	40	523	-	4,406
Office Supplies	1,370	1,872	328	5,123	-	4,338	-	13,031
Miscellaneous	622	-	4,625	121	-	311	-	5,679
Postage	1,290	1,103	76	74	32	664	-	3,239
Printing & Reproduction	311	206	703	148	-	2,693	2,175	6,236
Professional Fees	-	50	-	20	-	38,351	1,316	39,737
Signage	-	-	-	17	-	-	-	17
Special Events Expenses								
Tree of Hope	-	-	-	-	-	-	-	-
Celebration Hope	-	-	-	-	-	-	-	-
Technical Support	595	591	128	799	74	1,692	-	3,879
Telephone	999	1,147	99	710	35	53	-	3,043
Training/Seminar	1,831	772	492	1,631	-	5,733	398	10,857
Travel	-	-	-	-	-	2,276	-	2,276
Uncollectible client accounts	-	-	-	-	30,024	-	-	30,024
Volunteer Labor	62,813	32,385	-	1,150	-	-	-	96,348
Volunteer Expenses	458	1,019	124	31	21	-	-	1,653
Total expenses	<u>\$ 1,244,780</u>	<u>\$ 169,320</u>	<u>\$ 79,580</u>	<u>\$ 216,826</u>	<u>\$ 216,243</u>	<u>\$ 226,281</u>	<u>\$ 102,425</u>	<u>\$ 2,255,455</u>

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

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Program Services**

	<b>Program Services</b>							
	<b>Basic Assistance</b>	<b>Education and Career Development</b>	<b>Family Empowerment</b>	<b>Hope Chest</b>	<b>Kingdom Smiles</b>	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>
Compensation and related expenses								
Salaries	\$ 147,605	\$ 40,360	\$ 44,336	\$ 101,975	\$ 11,096	\$ 120,052	\$ 86,690	\$ 552,114
Payroll taxes	14,279	4,131	4,364	10,515	1,157	10,600	8,009	53,055
Workers Compensation Ins	207	145	43	2,738	-	104	-	3,237
Retirement	1,421	48	47	22	175	1,301	1,245	4,259
	<u>163,512</u>	<u>44,684</u>	<u>48,790</u>	<u>115,250</u>	<u>12,428</u>	<u>132,057</u>	<u>95,944</u>	<u>612,665</u>
Client Assistance								
Medical, dental and prescriptions	28,353	-	-	-	200,472	-	-	228,825
Utilities	54,302	11,438	-	-	-	-	-	65,740
Other	16,777	15,118	-	-	-	-	-	31,895
Groceries	781,939	-	11,062	-	-	-	-	793,001
Meals Served	56,112	-	-	-	-	-	-	56,112
Advertising	-	-	-	7,919	-	-	-	7,919
Auto Expense	2,838	590	672	3,219	-	536	-	7,855
Auto Insurance	2,611	261	261	1,306	-	783	-	5,222
Bank and Credit Card Charges	-	-	-	6,147	-	177	-	6,324
Community Outreach	717	2,628	664	2,710	71	717	-	7,507
Occupancy								
Building Maintenance	2,017	831	-	-	-	119	-	2,967
Rent	4,104	24,732	4,284	80,796	-	1,524	-	115,440
Utilities	3,482	4,943	2,848	13,559	-	762	-	25,594
Garbage	854	285	76	2,113	-	19	-	3,347
Database User Fee	3,947	5,987	788	-	316	-	-	11,038
Depreciation Expense	25,375	8,338	726	-	-	1,812	-	36,251
Director's & Officers Ins	537	537	153	789	22	153	-	2,191
Other Insurance	1,551	1,593	505	2,567	64	443	-	6,723
Dues and Subscriptions	-	-	-	-	-	1,157	-	1,157
Employee Business Expenses	721	1,089	766	1,214	52	482	2,392	6,716
Supplies								
Bible and study supplies	-	5,499	3,032	-	-	-	-	8,531
Kitchen	1,312	-	-	-	-	-	-	1,312
Maintenance	510	447	51	759	13	64	-	1,844
Office Supplies	3,446	3,015	995	4,758	86	1,723	-	14,023
Miscellaneous	344	10	2,229	91	-	-	48	2,722
Postage	1,318	1,153	131	-	33	659	-	3,294
Printing & Reproduction	215	430	215	215	-	-	1,076	2,151
Professional Fees	-	375	-	-	-	55,849	-	56,224
Signage	-	-	-	346	-	-	891	1,237
Special Events Expenses								
Tree of Hope	-	-	-	-	-	-	1,721	1,721
Celebration Hope	-	-	-	-	-	-	11,553	11,553
Technical Support	1,853	2,838	-	60	-	927	-	5,678
Telephone	1,815	1,964	161	-	40	202	-	4,182
Training/Seminar	1,915	1,834	666	1,544	-	1,915	999	8,873
Uncollectible client accounts	-	-	-	-	35,492	-	-	35,492
Volunteer Labor	27,747	72,662	2,357	1,140	-	-	-	103,906
Volunteer Expenses	1,283	1,366	273	-	-	-	-	2,922
Total expenses	<u>\$ 1,191,507</u>	<u>\$ 214,647</u>	<u>\$ 81,705</u>	<u>\$ 246,502</u>	<u>\$ 249,089</u>	<u>\$ 202,080</u>	<u>\$ 114,624</u>	<u>\$ 2,300,154</u>

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



**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 476,078	\$ 510,925
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	34,521	36,251
Donated Assets	-	(628)
Gain on Sale of Fixed Assets	-	(915)
(Increase) decrease in operating assets:		
Receivables	6,229	353
Inventory	10,533	1,680
Prepaid Expenses	(471)	22,280
Increase (decrease) in operating liabilities:		
Accounts payable	9,682	33
Credit Card Payable	1,761	(1,951)
Accrued Payroll	1,323	7,485
Other Liabilities	921	(539)
Contributions restricted for long-term purposes - building fund	(420,000)	(496,767)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>120,577</b>	<b>78,207</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of Property and Equipment	-	1,000
Purchase of Property and Equipment	(210,422)	(65,921)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(210,422)</b>	<b>(64,921)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for long-term purposes - building fund	420,000	496,767
(Increase) decrease in pledges restricted for building fund	63,375	(99,990)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>483,375</b>	<b>396,777</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>393,530</b>	<b>410,063</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>635,311</b>	<b>225,248</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,028,841</b>	<b>\$ 635,311</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Donated property and equipment	\$ -	\$ 628
	\$ -	\$ 628
Cash	\$ 321,389	\$ 206,170
Cash restricted for Building Fund	707,452	429,141
<b>Total cash and cash equivalents</b>	<b>\$ 1,028,841</b>	<b>\$ 635,311</b>

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

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Parker County Center of Hope, Inc. (the Organization) is a local area non-profit Christ-centered organization dedicated to helping others break the cycle of poverty in Parker County. Short-term help includes groceries distributed through a food pantry, limited financial assistance for utilities and prescriptions, daily meals prepared and served by churches, civic organizations and businesses on a rotational basis, weekly employment listings and the sharing of the Gospel. The Jobs for Life program, Camp Hope Program, computer classes, adult basic education classes, financial management classes, and parenting classes are offered to assist clients to work towards their own financial self-sufficiency.

In November 2011, Parker County Center of Hope, Inc. assumed ownership and operations of Kingdom Smiles Ministries. Kingdom Smiles Ministries is a tax-exempt entity formed in California and registered with the State of Texas however; there has been no activity in the Kingdom Smiles Ministries tax-exempt entity since 2011. All activities of the Kingdom Smiles Ministries have been performed under Parker County Center of Hope, Inc. since November 2011.

Program Services

The following program services are included in the accompanying financial statements:

**Basic Assistance**

A crisis assistance program offers groceries, limited financial assistance with utilities and prescriptions, and daily meals to help families experiencing crisis.

**Education & Career Development**

Programs offered by the Center of Hope to help others break the cycle of poverty. These programs include computer training, adult education classes, and the Jobs for Life program.

**Family Empowerment**

The Family Empowerment program extends into the community and focuses on strengthening families. Children are served through Camp Hope (a summer program teaching kids simple cooking skills, take home groceries for a week, reading & mentoring) Study Club (after school program) and AIM Youth program (working with kids on juvenile probation). Refresh Women's Ministry has weekly events for women providing education opportunities and positive support to build strong, resilient families.

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Hope Chest**

The Hope Chest is an upscale resale establishment where the proceeds benefit families in Parker County struggling with poverty. The shop provides job-training and paid internships for Education and Career Development students.

**Kingdom Smiles**

This program provides financial assistance to qualifying individuals in need of emergency dental services. Clients meet with Center of Hope for initial interview and financial assessment. Clients pay in advance for cost of dental exam. Dentist evaluates, recommends treatment plan and provides estimate of cost. Clients meet with Kingdom Smiles coordinator to determine amount Kingdom Smiles will pay and agree to payment plan for client's portion of costs. Dental work is done and bill is paid from Kingdom Smiles funds. Client is billed monthly for their portion of the costs, which replenishes the program funds.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

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

Support and Revenue

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Donations

Donated services are recognized at fair market value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased if not provided by volunteers. Donated services of \$62,813, \$32,385, \$1,150, \$118,508, and \$13,349 were provided in the current year for the Basic Assistance, Education and Career Development, Hope Chest, Kingdom Smiles programs, and Management and General, respectively. Volunteers also donated over 18,449 hours to the Organization's program and support services during the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Contributed groceries and meals are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Property and Equipment

Purchased property and equipment is capitalized 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. The organization capitalizes property and equipment with a cost or fair value of over \$2,500. Property and equipment are depreciated using the straight-line method.

The estimated useful lives are as follows:

Buildings	30 years
Equipment	7 years
Furniture and fixtures	5 years
Vehicles	5 years

Income Taxes

The Parker County Center of Hope, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years 2016, 2015, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Concentration of Credit Risk

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, certificates of deposit, and receivables. For these financial instruments, carrying value approximates fair value.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Inventory

Inventory consists of groceries remaining in food stores and items for sale at the resale shop. The grocery inventory was donated and recorded at its fair value at date of the physical inventory. Fair value is determined by using the current approved rate of \$1.70 per pound, as provided by the Tarrant Area Food Bank. The resale inventory is donated and is recorded at its estimated resale value.

NOTE B – ECONOMIC DEPENDENCE

Approximately 75% of the Organization's donated groceries were received under contracts with the Tarrant Area Food Bank.

NOTE C – LEASING ARRANGEMENTS

The Organization conducts its Weatherford and Hope Chest operations from facilities it leases for \$4,680 and \$5,650 per month. Both leases have expired and are month to month.

PARKER COUNTY CENTER OF HOPE, INC.  
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NOTE D – PROMISES TO GIVE RECEIVABLE

Promises to give receivable consist of the following at June 30, 2016 and 2015:

	<b>2017</b>	<b>2016</b>
Due in 1 Year		
Building Fund Pledges	\$ 36,615	\$ 99,990
Kingdom Smiles Clients	109,092	85,321
United Way	39,375	30,238
Parker County Health Foundation	-	22,500
Total	185,082	238,049
Less: Allowance for uncollectible promises	(72,066)	(55,429)
Net Promises to Give	<u>\$ 113,016</u>	<u>\$ 182,620</u>

NOTE E – RESTRICTIONS/LIMITATIONS ON NET ASSETS

The Organization’s board of directors has chosen to place the following limitations on unrestricted net assets:

	<b>2017</b>	<b>2016</b>
Designated Special Reserve	\$ 86,539	\$ 85,885
	<u>\$ 86,539</u>	<u>\$ 85,885</u>

PARKER COUNTY CENTER OF HOPE, INC.  
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NOTE E – RESTRICTIONS/LIMITATIONS ON NET ASSETS (continued)

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Education and Career Development	\$ 12,524	\$ 4,430
Building Fund	754,892	483,887
Development Fund	10,014	-
Food Fund	10,805	18,432
Family Empowerment	942	-
Kingdom Smiles	60,181	55,350
Executive Director Opportunity Fund	209	209
Good Nutrition Program	5,532	6,031
TAFB Technology	747	747
Medical & Prescriptions	16,728	8,518
Individual Development Account	6,650	9,650
Individual Development Grant Expense	273	273
Other	50	-
	<u>\$ 879,547</u>	<u>\$ 587,527</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Education & Career Development	\$ 45,215	\$ 80,424
Building Fund	149,063	22,880
Development Fund	-	300
Food Fund	15,520	-
Family Empowerment	19,608	22,687
Kingdom Smiles	97,685	115,868
Good Nutrition Program	499	98
Medical & Prescriptions	16,790	27,365
Individual Development Account	3,000	-
Individual Development Grant Expense	-	350
	<u>\$ 347,380</u>	<u>\$ 269,972</u>

PARKER COUNTY CENTER OF HOPE, INC.  
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NOTE G – EMPLOYEE BENEFIT PLAN

In 2011, the Organization began offering a Simple IRA Plan whereby all employees who earn at least \$5,000 per year may elect to contribute pursuant to a salary reduction agreement. Employees can elect to contribute up to \$12,500 for 2017, 2016, and 2015. In addition, employees who will be at least age 50 by the end of the year, are allowed to make additional catch-up contributions of \$3,000. The Organization's matching contribution obligation is three percent of the employee's gross pay on the employees who elect to participate in the Plan. During the years ended June 30, 2017 and 2016, the Organization made matching contributions in the amount of \$5,942 and \$4,259 respectively.

NOTE H – COMMITMENTS

In April 2017 the Board of Directors awarded a \$700,475 contract to complete the outside phase of the building project. This project will be funded with restricted building fund net assets.

NOTE I – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 5, 2017, the date which the financial statements are available to be issued.