

PARKER COUNTY CENTER OF HOPE, INC.

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

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

PARKER COUNTY CENTER OF HOPE, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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
September 19, 2019

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash	\$ 392,839	\$ 534,975
Receivables	62,717	65,055
Inventory	100,889	113,696
Prepaid Expense	23,080	20,529
Total current assets	579,525	734,255
PROPERTY AND EQUIPMENT:		
Land	177,390	177,390
Construction in Progress	2,951,935	1,532,294
Equipment - Food Store	42,811	42,811
Furniture and fixtures	21,608	12,808
Leasehold Improvements	34,567	34,567
Office Computer/Equipment	46,863	47,863
Vehicles	102,749	102,749
Training Center Equipment/Software	8,889	33,825
Buildings	113,615	113,615
Less-accumulated depreciation	(219,456)	(225,263)
Property and equipment-net	3,280,971	1,872,659
OTHER ASSETS:		
Cash restricted for Building Fund	471,061	394,122
Pledges restricted for Building Fund	178,450	26,000
TOTAL ASSETS	\$ 4,510,007	\$ 3,027,036
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 21,728	\$ 12,278
Construction and retainage payable	620,227	85,553
Credit card payable	1,307	2,982
Accrued payroll	12,798	13,721
Other liabilities	4,958	4,073
Total current liabilities	661,018	118,607
NET ASSETS:		
With donor restrictions	134,784	451,114
Without donor restrictions	3,714,205	2,457,315
Total net assets	3,848,989	2,908,429
TOTAL LIABILITIES AND NET ASSETS	\$ 4,510,007	\$ 3,027,036

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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 499,536	\$ 1,322,068	\$ 1,821,604	\$ 806,436	\$ 452,678	\$ 1,259,114
In-kind Donations						
Assets	7,500		7,500	-	-	-
Facility	2,520	-	2,520	840	-	840
Groceries	705,056	-	705,056	755,850	-	755,850
Meals	83,286	-	83,286	65,724	-	65,724
Services	187,744	-	187,744	218,252	-	218,252
Donated resale items	260,129	-	260,129	290,445	-	290,445
Other	21,936	-	21,936	12,353	-	12,353
Special Events	10,505	-	10,505	102,012	-	102,012
Interest Income	2,166	1,442	3,608	628	101	729
Gain on sale of property and equipment	-	-	-	298,913	-	298,913
Other Income	17,550	-	17,550	17,450	-	17,450
Sales resale store	273,357	-	273,357	271,558	-	271,558
Less cost of resale items	(259,824)	-	(259,824)	(268,735)	-	(268,735)
Net assets released from restrictions	1,639,840	(1,639,840)	-	881,212	(881,212)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,451,301	(316,330)	3,134,971	3,452,938	(428,433)	3,024,505
EXPENSES AND LOSSES:						
Program Services						
Basic Assistance	1,197,981	-	1,197,981	1,244,171	-	1,244,171
Education and Career Development	305,420	-	305,420	202,104	-	202,104
Family Empowerment	53,696	-	53,696	74,847	-	74,847
Hope Chest	209,596	-	209,596	204,335	-	204,335
Kingdom Smiles	167,664	-	167,664	238,385	-	238,385
Total program services	1,934,357	-	1,934,357	1,963,842	-	1,963,842
Supporting services						
Management and general	207,912	-	207,912	207,804	-	207,804
Fund-raising	52,142	-	52,142	114,907	-	114,907
Total supporting services	260,054	-	260,054	322,711	-	322,711
TOTAL EXPENSES AND LOSSES	2,194,411	-	2,194,411	2,286,553	-	2,286,553
CHANGE IN NET ASSETS	1,256,890	(316,330)	940,560	1,166,385	(428,433)	737,952
NET ASSETS AT BEGINNING OF YEAR	2,457,315	451,114	2,908,429	1,290,930	879,547	2,170,477
NET ASSETS AT END OF YEAR	\$ 3,714,205	\$ 134,784	\$ 3,848,989	\$ 2,457,315	\$ 451,114	\$ 2,908,429

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, 2019

	Program Services							
	Education							
	Basic	Education	Family	Hope	Kingdom	Management		
	Assistance	and Career	Empowerment	Chest	Smiles	and General	Fund-raising	Total
Compensation and related expenses								
Salaries	\$ 203,314	\$ 94,242	\$ 22,772	\$ 87,718	\$ 5,707	\$ 121,379	\$ 41,593	\$ 576,725
Payroll taxes	14,340	7,840	1,929	7,173	503	10,320	2,840	44,945
Staff insurance	2,125	938	(71)	1,919	62	1,940	656	7,569
Workers compensation ins	1,191	14	(41)	2,523	-	486	-	4,173
Retirement	3,558	1,498	17	1,424	134	3,249	1,098	10,978
	<u>224,528</u>	<u>104,532</u>	<u>24,606</u>	<u>100,757</u>	<u>6,406</u>	<u>137,374</u>	<u>46,187</u>	<u>644,390</u>
Client Assistance								
Medical, dental and prescriptions	10,884	14,209	-	-	140,920	-	-	166,013
Utilities	43,764	21,371	-	-	-	-	-	65,135
Other	8,514	9,034	-	-	-	-	-	17,548
Groceries	731,063	-	5,940	-	-	-	-	737,003
Meals Served	42,420	40,866	-	-	-	-	-	83,286
Advertising	-	655	-	2,773	-	82	-	3,510
Auto Expense	3,107	57	112	411	-	1,462	-	5,149
Auto Insurance	2,836	18	138	1,043	-	1,461	-	5,496
Bank and Credit Card Charges	-	-	-	5,536	-	1,996	-	7,532
Community Outreach	854	1,039	441	1,242	172	1,993	-	5,741
Occupancy								
Building Maintenance	1,504	3,766	57	-	-	644	-	5,971
Rent	22,325	24,650	4,212	69,480	720	5,093	-	126,480
Utilities	11,419	3,238	2,560	10,047	300	2,175	-	29,739
Garbage	842	368	103	1,527	-	160	-	3,000
Database User Fee	5,915	3,570	470	-	188	2,913	-	13,056
Depreciation Expense	14,685	4,825	420	-	-	1,049	-	20,979
Director's & Officers Ins	-	-	-	-	-	1,183	-	1,183
Other Insurance	5,514	2,748	626	1,869	19	1,647	-	12,423
Dues and Subscriptions	687	169	-	-	-	2,175	-	3,031
Employee Business Expenses	1,041	282	889	2,357	6	2,428	3,469	10,472
Supplies								
Bible and study supplies	-	5,324	2,156	-	-	-	-	7,480
Kitchen	2,556	-	-	-	-	-	-	2,556
Maintenance	665	-	-	1,674	-	590	-	2,929
Office Supplies	1,540	444	-	6,177	176	4,878	-	13,215
Miscellaneous	699	9,033	9,886	213	-	-	-	19,831
Postage	1,175	279	72	22	316	605	-	2,469
Printing & Reproduction	209	350	263	235	-	1,813	1,464	4,334
Professional Fees	481	219	-	164	-	27,377	-	28,241
Special Events Expenses	-	-	-	-	-	-	674	674
Technical Support	1,314	1,296	96	585	9	3,741	-	7,041
Telephone	1,224	1,338	93	1,355	23	64	-	4,097
Training/Seminar	1,600	2,659	410	1,402	-	5,009	348	11,428
Uncollectible client accounts	-	-	-	-	18,409	-	-	18,409
Volunteer Labor	53,935	48,303	-	380	-	-	-	102,618
Volunteer Expenses	681	778	146	347	-	-	-	1,952
Total expenses	<u>\$ 1,197,981</u>	<u>\$ 305,420</u>	<u>\$ 53,696</u>	<u>\$ 209,596</u>	<u>\$ 167,664</u>	<u>\$ 207,912</u>	<u>\$ 52,142</u>	<u>\$ 2,194,411</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, 2018

	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	\$ 177,706	\$ 69,278	\$ 49,919	\$ 84,841	\$ 6,660	\$ 121,742	\$ 84,637	\$ 594,783
Payroll taxes	13,207	6,443	4,461	8,104	514	10,913	7,377	51,019
Staff insurance	1,947	292	342	1,113	114	2,180	1,718	7,706
Workers compensation ins	3,262	439	291	3,038	-	1,332	-	8,362
Retirement	2,480	953	125	526	87	2,777	2,189	9,137
	<u>198,602</u>	<u>77,405</u>	<u>55,138</u>	<u>97,622</u>	<u>7,375</u>	<u>138,944</u>	<u>95,921</u>	<u>671,007</u>
Client Assistance								
Medical, dental and prescriptions	10,443	6,243	-	-	179,564	-	-	196,250
Utilities	46,612	9,810	-	-	-	-	-	56,422
Other	10,565	3,635	-	-	-	-	-	14,200
Groceries	769,559	-	2,840	-	-	-	-	772,399
Meals Served	65,724	-	-	-	-	-	-	65,724
Advertising	-	-	-	5,364	-	-	-	5,364
Auto Expense	2,137	8	592	2,611	-	1,006	-	6,354
Auto Insurance	2,328	78	313	970	-	1,199	-	4,888
Bank and Credit Card Charges	-	-	-	5,359	-	1,395	-	6,754
Community Outreach	1,112	1,442	640	1,520	71	2,594	-	7,379
Occupancy								
Building Maintenance	1,564	2,952	2	-	-	670	-	5,188
Rent	22,275	24,711	4,212	67,800	720	8,548	-	128,266
Utilities	10,282	2,875	2,838	9,161	300	1,959	-	27,415
Garbage	1,299	440	123	1,817	-	247	-	3,926
Database User Fee	4,966	3,424	451	-	180	2,446	-	11,467
Depreciation Expense	22,291	7,324	637	-	-	1,592	-	31,844
Director's & Officers Ins	-	-	-	-	-	1,183	-	1,183
Other Insurance	4,027	2,240	564	2,244	46	1,203	-	10,324
Dues and Subscriptions	577	169	-	-	-	1,826	-	2,572
Employee Business Expenses	1,373	880	243	2,040	55	3,205	4,578	12,374
Supplies								
Bible and study supplies	-	5,241	1,687	-	-	-	-	6,928
Kitchen	3,570	-	-	-	-	-	-	3,570
Maintenance	980	-	-	-	-	869	-	1,849
Office Supplies	2,150	1,196	-	2,890	180	3,343	-	9,759
Miscellaneous	144	2,974	3,379	100	-	-	-	6,597
Postage	1,498	327	22	22	399	772	-	3,040
Printing & Reproduction	278	648	353	119	-	2,413	1,949	5,760
Professional Fees	-	20	-	256	-	23,672	1,029	24,977
Signage	-	-	-	37	-	-	129	166
Special Events Expenses								
Celebration Hope	-	-	-	-	-	-	11,000	11,000
Technical Support	1,516	2,243	459	1,758	63	4,316	-	10,355
Telephone	1,301	1,345	100	1,135	25	68	-	3,974
Training/Seminar	1,384	2,570	121	325	-	4,334	301	9,035
Uncollectible client accounts	-	-	-	-	49,407	-	-	49,407
Volunteer Labor	54,373	41,480	-	665	-	-	-	96,518
Volunteer Expenses	1,241	424	133	520	-	-	-	2,318
Total expenses	<u>\$ 1,244,171</u>	<u>\$ 202,104</u>	<u>\$ 74,847</u>	<u>\$ 204,335</u>	<u>\$ 238,385</u>	<u>\$ 207,804</u>	<u>\$ 114,907</u>	<u>\$ 2,286,553</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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 940,560	\$ 737,952
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	20,979	31,844
Gain on Sale of Fixed Assets	-	(298,913)
(Increase) decrease in operating assets:		
Receivables	2,338	11,346
Inventory	12,807	(21,031)
Prepaid Expenses	(2,551)	(11,580)
Increase (decrease) in operating liabilities:		
Accounts payable	9,450	(256)
Credit Card Payable	(1,675)	(2,859)
Accrued Payroll	(923)	792
Other Liabilities	885	(805)
Contributions restricted for long-term purposes - building fund	(1,112,795)	(222,494)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(130,925)	223,996
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Property and Equipment	-	352,000
Purchase of Property and Equipment	(894,617)	(908,849)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(894,617)	(556,849)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes - building fund	1,112,795	222,494
(Increase) decrease in pledges restricted for building fund	(152,450)	10,615
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	960,345	233,109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,197)	(99,744)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	929,097	1,028,841
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 863,900	\$ 929,097
Cash	\$ 392,839	\$ 534,975
Cash restricted for Building Fund	471,061	394,122
Total cash and cash equivalents	\$ 863,900	\$ 929,097

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

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 whose mission is to equip and empower people to live successful, joy-filled lives. 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 Center of Hope help equip and empower people for success. These programs include computer training, adult education classes, financial coaching, the Jobs for Life program, as well as job training and internships.

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, 2019 AND 2018

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 the Center of Hope for initial interview and financial assessment. Clients pay in advance for cost of dental exam. The dentist evaluates, recommends treatment plan and provides an estimate of cost. Clients meet with the Kingdom Smiles coordinator to determine the amount Kingdom Smiles will pay and agree to a payment plan for the client's portion of costs. Dental work is done and the bill is paid from Kingdom Smiles funds. The 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 financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction.

When a 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 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 \$53,935, \$48,302, \$78,259, and \$6,867 were provided in the current year for the Basic Assistance, Education and Career Development, Kingdom Smiles programs, and Management and General, respectively. Volunteers also donated over 26,332 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.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

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.

At June 30, 2019, \$110,302 of the Organization's \$879,379 deposits were not secured by FDIC insurance or other pledged securities.

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. Such allocations are determined by management on an equity basis. The expenses allocated include the following: time and effort for salaries and benefits and specific identification for others.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 67% 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.

NOTE D – AVAILABILITY AND LIQUIDITY

	<u>2019</u>	<u>2018</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 863,900	\$ 929,097
Accounts receivable	241,167	91,055
Total financial assets	<u>1,105,067</u>	<u>1,020,152</u>
Less amounts not available to be used within one year:		
Amounts payable from donor restrictions	(620,227)	(85,553)
Net assets with donor restrictions	(134,784)	(451,114)
Net assets designated by the board of directors	(88,302)	(87,168)
	<u>(843,313)</u>	<u>(623,835)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 261,754</u>	<u>\$ 396,317</u>

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

Promises to give receivable consist of the following at June 30, 2019 and 2018:

	2019	2018
Due in 1 Year		
Building Fund Pledges	\$ 178,450	\$ 26,000
Kingdom Smiles Clients	89,722	94,075
United Way	33,750	31,853
Accrued Interest	118	-
Total	302,040	151,928
Less: Allowance for uncollectible promises	(60,873)	(60,873)
Net Promises to Give	\$ 241,167	\$ 91,055

NOTE F – RESTRICTIONS/LIMITATIONS ON NET ASSETS

The Organization’s board of directors has chosen to place the following limitations on net assets without donor restrictions:

	2019	2018
Designated Special Reserve	\$ 88,302	\$ 87,168
	\$ 88,302	\$ 87,168

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NOTE F – RESTRICTIONS/LIMITATIONS ON NET ASSETS (continued)

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Education and Career Development	\$ -	\$ 2,059
Building Fund	29,559	335,044
Development Fund	10,136	10,055
Food Fund	9,933	10,030
Family Empowerment	-	351
Kingdom Smiles	64,933	66,898
Executive Director Opportunity Fund	209	209
Good Nutrition Program	4,365	5,532
TAFB Technology	747	747
Medical & Prescriptions	12,084	12,616
Individual Development Account	1,917	6,650
Individual Development Grant Expense	273	273
Other	628	650
	<u>\$ 134,784</u>	<u>\$ 451,114</u>

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

	<u>2019</u>	<u>2018</u>
Education & Career Development	\$ 78,968	\$ 68,171
Building Fund	1,419,641	642,402
Food Fund	16,177	23,382
Family Empowerment	9,196	10,015
Kingdom Smiles	89,403	120,130
Volunteer T-shirts	22	-
Good Nutrition Program	1,168	-
Medical & Prescriptions	20,532	17,112
Individual Development Account	4,733	-
	<u>\$ 1,639,840</u>	<u>\$ 881,212</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 \$13,000 for 2019 and \$12,500 for 2018 and 2017. 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, 2019 and 2018, the Organization made matching contributions in the amount of \$10,978 and \$9,137 respectively.

NOTE H – CONTRACTS AND COMMITMENTS

The Organization has a contract for the completion of the Organization's new building. As of June 30, 2019, \$1,306,571 has been completed on this project with a remaining balance of \$1,517,288 to finish.

The Organization has been approved for a loan in the next fiscal year to complete the building if the remaining funds cannot be raised.

NOTE I – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 19, 2019, the date which the financial statements are available to be issued.

NOTE J – NEW ACCOUNTING PRONOUNCEMENTS

The Organization implemented FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE K – FUTURE ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued several standards that will be effective for future years. The Organization has not yet determined the effect of these new standards will have on its financial reporting.

Accounting Standards Update (ASU) 2015-14, Revenue from Contracts with Customers. The new revenue standard aims to improve accounting for contracts with customers. This new standard is effective for fiscal years beginning after December 15, 2018.

PARKER COUNTY CENTER OF HOPE, INC.
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NOTE K – FUTURE ACCOUNTING PRONOUNCEMENTS (continued)

Accounting Standards Update (ASU) 2016-02, Leases. The new standard introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. This new standard is effective for fiscal years beginning after December 15, 2019.

