

PARKER COUNTY CENTER OF HOPE, INC.

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

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

PARKER COUNTY CENTER OF HOPE, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 3, 2021

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 728,552 | \$ 418,961 |
| Receivables | 173,549 | 52,061 |
| Inventory | 161,913 | 121,409 |
| Prepaid Expense | 10,456 | 10,682 |
| Total current assets | 1,074,470 | 603,113 |
| PROPERTY AND EQUIPMENT: | | |
| Land | 177,390 | 177,390 |
| Equipment - Food Store | 31,248 | 31,248 |
| Furniture and fixtures | 61,404 | 61,404 |
| Office Computer/Equipment | 51,662 | 53,148 |
| Vehicles | 93,250 | 93,250 |
| Training Center Equipment/Software | 7,139 | 7,639 |
| Buildings | 4,859,876 | 4,859,876 |
| Less-accumulated depreciation | (390,336) | (218,503) |
| Property and equipment-net | 4,891,633 | 5,065,452 |
| OTHER ASSETS: | | |
| Cash restricted for Building Fund | 61,729 | 142,368 |
| Pledges restricted for Building Fund | 144,208 | 442,240 |
| TOTAL ASSETS | \$ 6,172,040 | \$ 6,253,173 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 13,160 | \$ 4,779 |
| Credit card payable | 1,447 | 8,628 |
| Accrued payroll | 27,423 | 20,324 |
| Other liabilities | 9,942 | 10,074 |
| Current portion of note payable | 40,873 | 68,986 |
| Total current liabilities | 92,845 | 112,791 |
| LONG TERM LIABILITIES: | | |
| Note payable - Building, less current portion | 162,082 | 791,487 |
| Note payable - SBA PPP, less current portion | - | 77,027 |
| Total long term liabilities | 162,082 | 868,514 |
| TOTAL LIABILITIES | 254,927 | 981,305 |
| NET ASSETS: | | |
| With donor restrictions | 473,217 | 650,333 |
| Without donor restrictions | 5,443,896 | 4,621,535 |
| Total net assets | 5,917,113 | 5,271,868 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 6,172,040 | \$ 6,253,173 |

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, 2021 AND 2020**

| | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES, GAINS, AND OTHER SUPPORT | | | |
| Contributions | \$ 897,406 | \$ 557,535 | \$ 1,454,941 |
| In-kind Donations | | | |
| Assets | 6,265 | - | 6,265 |
| Facility | 1,408 | - | 1,408 |
| Groceries | 1,018,178 | - | 1,018,178 |
| Meals | 8,346 | - | 8,346 |
| Services | 148,771 | - | 148,771 |
| Donated resale items | 359,407 | - | 359,407 |
| Other | 27,163 | - | 27,163 |
| Special Events | 29,840 | - | 29,840 |
| Interest Income | 168 | - | 168 |
| Gain on sale of property and equipment | - | - | - |
| Other Income | 155,440 | - | 155,440 |
| Sales resale store | 348,630 | - | 348,630 |
| Less cost of resale items | (348,332) | - | (348,332) |
| Net assets released from restrictions | 734,651 | (734,651) | - |
| TOTAL REVENUES, GAINS, AND OTHER SUPPORT | 3,387,341 | (177,116) | 3,210,225 |
| EXPENSES AND LOSSES: | | | |
| Program Services | | | |
| Basic Assistance | 1,108,068 | - | 1,108,068 |
| Springtown Area Community Impact Project | 38,821 | - | 38,821 |
| Education and Career Development | 589,238 | - | 589,238 |
| Family Empowerment | 94,796 | - | 94,796 |
| Hope Chest | 219,888 | - | 219,888 |
| Kingdom Smiles | 97,877 | - | 97,877 |
| Total program services | 2,148,688 | - | 2,148,688 |
| Supporting services | | | |
| Management and general | 320,897 | - | 320,897 |
| Fund-raising | 95,395 | - | 95,395 |
| Total supporting services | 416,292 | - | 416,292 |
| TOTAL EXPENSES AND LOSSES | 2,564,980 | - | 2,564,980 |
| CHANGE IN NET ASSETS | 822,361 | (177,116) | 645,245 |
| NET ASSETS AT BEGINNING OF YEAR | 4,621,535 | 650,333 | 5,271,868 |
| NET ASSETS AT END OF YEAR | \$ 5,443,896 | \$ 473,217 | \$ 5,917,113 |

The accompanying notes are an integral part of this statement.

2020

| <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---------------------------------------|------------------------------------|---------------------|
| \$ 700,986 | \$ 1,742,704 | \$ 2,443,690 |
| 7,130 | - | 7,130 |
| 3,005 | - | 3,005 |
| 745,310 | - | 745,310 |
| 64,140 | - | 64,140 |
| 152,323 | - | 152,323 |
| 256,694 | - | 256,694 |
| 28,268 | - | 28,268 |
| 62,305 | - | 62,305 |
| 1,126 | 1,507 | 2,633 |
| 500 | - | 500 |
| 18,788 | - | 18,788 |
| 247,363 | - | 247,363 |
| (247,309) | - | (247,309) |
| 1,228,662 | (1,228,662) | - |
| <u>3,269,291</u> | <u>515,549</u> | <u>3,784,840</u> |
| 1,003,464 | - | 1,003,464 |
| - | - | - |
| 440,337 | - | 440,337 |
| 100,611 | - | 100,611 |
| 223,730 | - | 223,730 |
| 131,242 | - | 131,242 |
| <u>1,899,384</u> | <u>-</u> | <u>1,899,384</u> |
| 357,598 | - | 357,598 |
| 104,979 | - | 104,979 |
| <u>462,577</u> | <u>-</u> | <u>462,577</u> |
| <u>2,361,961</u> | <u>-</u> | <u>2,361,961</u> |
| 907,330 | 515,549 | 1,422,879 |
| <u>3,714,205</u> | <u>134,784</u> | <u>3,848,989</u> |
| <u>\$ 4,621,535</u> | <u>\$ 650,333</u> | <u>\$ 5,271,868</u> |

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | Program Services | | | | | |
|-----------------------------------|------------------|--|----------------------------------|--------------------|------------|----------------|
| | Basic Assistance | Springtown Area Community Impact Project | Education and Career Development | Family Empowerment | Hope Chest | Kingdom Smiles |
| Compensation and related expenses | | | | | | |
| Salaries | \$ 140,356 | \$ 10,256 | \$ 144,700 | \$ 36,882 | \$ 111,207 | \$ 10,937 |
| Payroll taxes | 10,433 | 860 | 12,323 | 3,064 | 9,433 | 889 |
| Staff insurance | 2,225 | 39 | 1,294 | 621 | 1,527 | 62 |
| Workers compensation ins | 2,067 | 10 | 139 | 65 | 1,875 | - |
| Retirement | 1,646 | - | 2,155 | 774 | 1,496 | 301 |
| | 156,727 | 11,165 | 160,611 | 41,406 | 125,538 | 12,189 |
| Client Assistance | | | | | | |
| Medical, dental and prescriptions | 11,588 | 239 | 5,091 | - | - | 69,329 |
| Utilities | 45,584 | 1,958 | 18,855 | - | - | - |
| Other | 6,395 | 157 | 9,975 | - | - | - |
| Groceries | 715,280 | 20,716 | 251,307 | 26,111 | - | - |
| Meals Served | 5,004 | - | 3,342 | - | - | - |
| Advertising | 42 | 56 | 1,333 | - | 831 | - |
| Auto Expense | 4,121 | 141 | - | 168 | - | - |
| Auto Insurance | 4,221 | - | - | 225 | - | - |
| Bank and Credit Card Charges | - | - | - | - | 6,983 | - |
| Community Outreach | 616 | - | 1,232 | 555 | 1,232 | 62 |
| Occupancy | | | | | | |
| Building Maintenance | 3,508 | - | 2,175 | 326 | 4,164 | 80 |
| Rent | - | 1,200 | - | - | - | - |
| Utilities | 7,715 | - | 7,715 | 1,143 | 7,715 | 286 |
| Garbage | 2,568 | - | 1,507 | 384 | 2,616 | - |
| Database User Fee | 5,644 | 85 | 3,899 | 513 | - | 205 |
| Interest Expense | 7,562 | - | 7,562 | 1,120 | 7,562 | 280 |
| Depreciation Expense | 47,696 | - | 47,696 | 7,066 | 47,696 | 1,766 |
| Director's & Officers Ins | - | - | - | - | - | - |
| Other Insurance | 5,284 | 18 | 5,235 | 775 | 5,235 | 194 |
| Dues and Subscriptions | - | - | 458 | - | - | - |
| Employee Business Expenses | 656 | 374 | 30 | 451 | 520 | 85 |
| Supplies | | | | | | |
| Bible and study supplies | 278 | 42 | 5,262 | - | - | - |
| Kitchen | 804 | - | - | - | - | - |
| Maintenance | 510 | - | 530 | 82 | 933 | 20 |
| Office Supplies | 3,314 | 2,045 | 2,587 | 315 | 1,282 | 72 |
| Miscellaneous | 7,735 | - | 3,151 | 13,087 | 4,582 | - |
| Postage | 932 | - | 776 | 62 | 62 | 155 |
| Printing & Reproduction | 1,159 | 153 | 601 | 473 | 112 | - |
| Professional Fees | 465 | - | 466 | 69 | 465 | 17 |
| Special Events Expenses | - | - | - | - | - | - |
| Technical Support | 1,439 | - | 1,724 | 240 | 1,293 | 48 |
| Telephone | 949 | 297 | 1,744 | 127 | 950 | 35 |
| Training/Seminar | 162 | - | 49 | - | - | - |
| Uncollectible client accounts | - | - | - | - | - | 13,054 |
| Loss on disposal of assets | - | - | - | - | - | - |
| Volunteer Labor | 59,230 | - | 43,380 | - | - | - |
| Volunteer Expenses | 880 | 175 | 945 | 98 | 117 | - |
| Total expenses | \$ 1,108,068 | \$ 38,821 | \$ 589,238 | \$ 94,796 | \$ 219,888 | \$ 97,877 |

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

| | Management and General | Fund-raising | Total |
|-----------|-----------------------------------|---------------------|---------------------|
| \$ | 142,043 | \$ 81,512 | \$ 677,893 |
| | 16,930 | 6,854 | 60,786 |
| | 2,936 | - | 8,704 |
| | 709 | - | 4,865 |
| | 3,191 | 1,826 | 11,389 |
| | <u>165,809</u> | <u>90,192</u> | <u>763,637</u> |
| | - | - | 86,247 |
| | - | - | 66,397 |
| | - | - | 16,527 |
| | - | - | 1,013,414 |
| | - | - | 8,346 |
| | 2,247 | - | 4,509 |
| | - | - | 4,430 |
| | - | - | 4,446 |
| | 6,399 | - | 13,382 |
| | - | 2,379 | 6,076 |
| | 2,533 | - | 12,786 |
| | - | - | 1,200 |
| | 4,101 | - | 28,675 |
| | 369 | - | 7,444 |
| | 4,933 | - | 15,279 |
| | 3,921 | - | 28,007 |
| | 24,731 | - | 176,651 |
| | 1,256 | - | 1,256 |
| | 2,805 | - | 19,546 |
| | 616 | - | 1,074 |
| | 2,953 | 155 | 5,224 |
| | 249 | - | 5,831 |
| | - | - | 804 |
| | 275 | - | 2,350 |
| | 2,231 | - | 11,846 |
| | 4,515 | - | 33,070 |
| | 1,118 | - | 3,105 |
| | 1,485 | 1,076 | 5,059 |
| | 55,126 | - | 56,608 |
| | - | 1,431 | 1,431 |
| | 988 | - | 5,732 |
| | 787 | - | 4,889 |
| | 3,069 | 162 | 3,442 |
| | 26,000 | - | 39,054 |
| | 8 | - | 8 |
| | 2,363 | - | 104,973 |
| | 10 | - | 2,225 |
| <u>\$</u> | <u>320,897</u> | <u>\$ 95,395</u> | <u>\$ 2,564,980</u> |

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

| | Program Services | | | | | |
|-----------------------------------|---------------------|----------------------------------|--------------------|-------------------|-------------------|------------------------|
| | Basic Assistance | Education and Career Development | Family Empowerment | Hope Chest | Kingdom Smiles | Management and General |
| Compensation and related expenses | | | | | | |
| Salaries | \$ 137,163 | \$ 130,378 | \$ 41,633 | \$ 100,686 | \$ 8,986 | \$ 175,781 |
| Payroll taxes | 10,959 | 11,077 | 3,481 | 8,697 | 742 | 13,433 |
| Staff insurance | 2,145 | 1,420 | 909 | 1,509 | 16 | 3,091 |
| Workers compensation ins | 2,377 | 196 | 96 | 2,684 | - | (907) |
| Retirement | 1,631 | 2,067 | 668 | 1,237 | 235 | 3,850 |
| | <u>154,275</u> | <u>145,138</u> | <u>46,787</u> | <u>114,813</u> | <u>9,979</u> | <u>195,248</u> |
| Client Assistance | | | | | | |
| Medical, dental and prescriptions | 9,584 | 9,026 | - | - | 94,163 | - |
| Utilities | 48,328 | 15,806 | - | - | - | - |
| Other | 7,910 | 2,606 | - | - | - | - |
| Groceries | 611,975 | 129,334 | 17,630 | - | - | - |
| Meals Served | 38,484 | 25,656 | - | - | - | - |
| Advertising | 186 | 1,284 | - | 3,362 | - | 1,052 |
| Auto Expense | 10,223 | 30 | 505 | 707 | - | 192 |
| Auto Insurance | - | - | 391 | - | - | - |
| Bank and Credit Card Charges | - | - | - | 5,203 | - | 5,078 |
| Community Outreach | 684 | 1,380 | 623 | 1,530 | 66 | 2,166 |
| Occupancy | | | | | | |
| Building Maintenance | 1,899 | 804 | 233 | 627 | 13 | 15,717 |
| Rent | 13,012 | 14,414 | 2,457 | 41,715 | 420 | 2,457 |
| Utilities | 9,260 | 5,574 | 2,774 | 9,390 | 290 | 7,484 |
| Garbage | 1,436 | 745 | 209 | 1,477 | - | 89 |
| Database User Fee | 6,118 | 4,443 | 609 | 465 | 220 | 2,667 |
| Interest Expense | 8,222 | 8,407 | 1,965 | 6,466 | 222 | 7,491 |
| Depreciation Expense | 9,097 | 9,097 | 1,534 | 9,315 | 340 | 13,998 |
| Director's & Officers Ins | - | - | - | - | - | 1,256 |
| Other Insurance | 3,784 | 3,784 | 291 | 943 | 14 | 3,629 |
| Dues and Subscriptions | - | 84 | - | - | - | 992 |
| Employee Business Expenses | 460 | 430 | 1,537 | 1,020 | - | 1,754 |
| Occupancy Related Expenses | - | - | - | - | - | 4,150 |
| Supplies | | | | | | |
| Bible and study supplies | - | 5,901 | 490 | - | - | - |
| Kitchen | 2,215 | - | - | - | - | - |
| Maintenance | 1,616 | 1,914 | 39 | 585 | 7 | 899 |
| Office Supplies | 5,437 | 5,956 | 887 | 6,881 | 249 | 4,085 |
| Miscellaneous | 3,861 | 5,549 | 20,317 | 12,615 | 2,046 | 4,951 |
| Postage | 1,284 | 975 | 78 | 98 | 250 | 1,216 |
| Printing & Reproduction | 1,771 | 507 | 663 | 179 | - | 1,614 |
| Professional Fees | 502 | 225 | - | 121 | - | 55,099 |
| Special Events Expenses | - | - | - | - | - | - |
| Technical Support | 1,464 | 1,678 | 248 | 1,829 | 49 | 796 |
| Telephone | 1,609 | 2,269 | 159 | 1,203 | 39 | (132) |
| Training/Seminar | 97 | 832 | 150 | 60 | - | 1,750 |
| Uncollectible client accounts | - | 145 | - | - | 22,875 | - |
| Loss on disposal of assets | - | - | - | 2,990 | - | 21,823 |
| Volunteer Labor | 48,495 | 35,980 | - | - | - | - |
| Volunteer Expenses | 176 | 364 | 35 | 136 | - | 77 |
| Total expenses | <u>\$ 1,003,464</u> | <u>\$ 440,337</u> | <u>\$ 100,611</u> | <u>\$ 223,730</u> | <u>\$ 131,242</u> | <u>\$ 357,598</u> |

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

| Fund-raising | | Total | |
|---------------------|----------------|--------------|------------------|
| \$ | 80,715 | \$ | 675,342 |
| | 6,431 | | 54,820 |
| | - | | 9,090 |
| | - | | 4,446 |
| | 1,566 | | 11,254 |
| | <u>88,712</u> | | <u>754,952</u> |
| | - | | 112,773 |
| | - | | 64,134 |
| | - | | 10,516 |
| | - | | 758,939 |
| | - | | 64,140 |
| | - | | 5,884 |
| | - | | 11,657 |
| | - | | 391 |
| | - | | 10,281 |
| | - | | 6,449 |
| | - | | 19,293 |
| | - | | 74,475 |
| | - | | 34,772 |
| | - | | 3,956 |
| | - | | 14,522 |
| | - | | 32,773 |
| | - | | 43,381 |
| | - | | 1,256 |
| | - | | 12,445 |
| | - | | 1,076 |
| | 1,754 | | 6,955 |
| | - | | 4,150 |
| | - | | 6,391 |
| | - | | 2,215 |
| | - | | 5,060 |
| | - | | 23,495 |
| | - | | 49,339 |
| | - | | 3,901 |
| | 1,170 | | 5,904 |
| | - | | 55,947 |
| | 13,251 | | 13,251 |
| | - | | 6,064 |
| | - | | 5,147 |
| | 92 | | 2,981 |
| | - | | 23,020 |
| | - | | 24,813 |
| | - | | 84,475 |
| | - | | 788 |
| \$ | <u>104,979</u> | \$ | <u>2,361,961</u> |

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|--|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ 645,245 | \$ 1,422,879 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 176,651 | 43,381 |
| (Gain) Loss on Sale of Fixed Assets | 8 | 23,814 |
| SBA PPP Loan Forgiveness | (137,500) | - |
| (Increase) decrease in operating assets: | | |
| Receivables | (121,488) | 10,656 |
| Inventory | (40,504) | (20,520) |
| Prepaid Expenses | 226 | 12,398 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 8,381 | (16,949) |
| Credit Card Payable | (7,181) | 7,321 |
| Accrued Payroll | 7,099 | 7,526 |
| Other Liabilities | (132) | 5,116 |
| Contributions restricted for long-term purposes - building fund | (108,562) | (1,584,077) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 422,243 | (88,455) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sale of Property and Equipment | - | 1,000 |
| Purchase of Property and Equipment | (2,840) | (2,472,903) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (2,840) | (2,471,903) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Contributions restricted for long-term purposes - building fund | 108,562 | 1,584,077 |
| (Increase) decrease in pledges restricted for building fund | 298,032 | (263,790) |
| Additions to notes payable | - | 1,137,500 |
| Principal payments on notes payable | (597,045) | (200,000) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | (190,451) | 2,257,787 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 228,952 | (302,571) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 561,329 | 863,900 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 790,281 | \$ 561,329 |
| SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES: | | |
| SBA PPP Loan Forgiveness | \$ 137,500 | \$ - |
| Cash | \$ 728,552 | \$ 418,961 |
| Cash restricted for Building Fund | 61,729 | 142,368 |
| Total cash and cash equivalents | \$ 790,281 | \$ 561,329 |

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

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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.

Springtown Area Community Impact Project

Parker County Center of Hope, Inc. partnered with Texas Health Resources to offer basic assistance and education & career development services to the Springtown area.

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.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Family Empowerment

The Family Empowerment program extends into low-income neighborhoods to reach kids and their families. Camp Hope is a summer program for children that provides weekly groceries, cooking skills, a reading program, crafts and activities, and mentoring support. Study clubs are held after school in middle and high schools and focus on helping students find new ways to learn, better ways to manage emotions, and encourage kids to reach their fullest potential.

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.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$61,593, \$43,380, \$38,518, and \$5,280 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 23,460 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.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2020, 2019, and 2018 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.

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.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 47% of the Organization’s donated groceries were received under contracts with the Tarrant Area Food Bank.

NOTE C – AVAILABILITY AND LIQUIDITY

The Organization receives support with and without donor restrictions to fund its programs and supporting services. A budget is adopted each year to plan spending. The following table presents financial assets available for expenditures within one year at June 30, 2021.

| | 2021 | 2020 |
|---|------------|------------|
| Financial assets, at year end | | |
| Cash and cash equivalents | \$ 790,281 | \$ 561,329 |
| Accounts receivable | 317,757 | 494,301 |
| Total financial assets | 1,108,038 | 1,055,630 |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | (473,217) | (650,333) |
| Net assets designated by the board of directors | (133,968) | (61,241) |
| | (607,185) | (711,574) |
| Financial assets available to meet general expenditures over the next twelve months | \$ 500,853 | \$ 344,056 |

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE D – PROMISES TO GIVE RECEIVABLE

Promises to give receivable consist of the following at June 30, 2021 and 2020:

| | 2021 | 2020 |
|--|------------|------------|
| Due in 1 Year | | |
| Building Fund Pledges | \$ 144,208 | \$ 442,240 |
| Kingdom Smiles Clients | 30,942 | 52,316 |
| Texas Health | 122,469 | - |
| United Way | 40,250 | 33,750 |
| Total | 337,869 | 528,306 |
| Less: Allowance for uncollectible promises | (20,112) | (34,005) |
| Net Promises to Give | \$ 317,757 | \$ 494,301 |

NOTE E – RESTRICTIONS/LIMITATIONS ON NET ASSETS

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

| | 2021 | 2020 |
|----------------------------|------------|-----------|
| Designated Special Reserve | \$ 133,968 | \$ 61,241 |

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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

| | 2021 | 2020 |
|--------------------------------------|-------------------|-------------------|
| Building Fund | \$ 11,796 | \$ 587,917 |
| Development Fund | 205,426 | - |
| Food Fund | 7,805 | 6,043 |
| Family Empowerment | 51,275 | - |
| Kingdom Smiles | - | 49,901 |
| Springtown | 157,026 | - |
| Medical & Prescriptions | 6,382 | 6,199 |
| Leather Bibles | 18,742 | - |
| Individual Development Grant Expense | - | 273 |
| The Fort Worth Found Trust | 14,752 | - |
| Other | 13 | - |
| | <u>\$ 473,217</u> | <u>\$ 650,333</u> |

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

| | 2021 | 2020 |
|--------------------------------------|-------------------|---------------------|
| Education & Career Development | \$ 102,689 | \$ 63,690 |
| Benevolence | 12,004 | 628 |
| Building Fund | 491,053 | 1,027,226 |
| Development Fund | - | 10,136 |
| Food Fund | 20,983 | 18,200 |
| Family Empowerment | 13,709 | 15,482 |
| Kingdom Smiles | 58,074 | 73,594 |
| Springtown Program | 17,930 | - |
| Good Nutrition Program | - | 4,365 |
| TAFB Technology | - | 747 |
| Medical & Prescriptions | 5,317 | 10,885 |
| Security Cameras | - | 3,500 |
| Leather Bibles | 1,258 | - |
| Individual Development Grant Expense | 273 | - |
| The Fort Worth Found Trust | 10,248 | - |
| Other | 1,113 | - |
| | <u>\$ 734,651</u> | <u>\$ 1,228,662</u> |

PARKER COUNTY CENTER OF HOPE, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE F – 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 \$13,500 for 2021, \$13,500 for 2020 and \$13,000 for 2019. In addition, employees who will be at least age 50 by the end of the year, can 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, 2021 and 2020, the Organization made matching contributions in the amount of \$11,388 and \$11,253 respectively.

NOTE G – NOTES PAYABLE

In 2020, the Organization financed a note to finish the construction of their new building. The note bears an annual interest rate of 4.75% and matures February 27, 2041. At June 30, 2021, the amount outstanding on the building note was \$202,955.

The Organization also received a Payroll Protection Program loan under the CARES Act in 2020. The note bears an annual interest rate of 1%. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization used the entire loan amount for qualifying expenses. Under the terms of PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The note matures on April 9, 2022. On November 5, 2020 the entire amount of the loan was forgiven.

The future schedule maturities of long-term debt are as follows:

| Years ending June 30: | <u>Principal</u> |
|-----------------------|-------------------|
| 2022 | \$ 40,873 |
| 2023 | 42,857 |
| 2024 | 44,937 |
| 2025 | 47,119 |
| 2026 | 27,169 |
| | <u>\$ 202,955</u> |

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 3, 2021, the date which the financial statements are available to be issued.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE I – 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) 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, 2020.

