

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

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

**FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021**

**PARKER COUNTY CENTER OF HOPE, INC.**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parker County Center of Hope, Inc. as of June 30, 2022 and 2021, 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.

### **Basis of Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the nonprofit Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about nonprofit Foundation's ability to continue as a going concern for a reasonable period of time.

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

*George Morgan Freed, P.C.*

Weatherford, Texas  
September 15, 2022

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,269,117	\$ 728,552
Receivables	94,143	173,549
Inventory	184,468	161,913
Prepaid Expense	8,467	10,456
Total current assets	1,556,195	1,074,470
<b>PROPERTY AND EQUIPMENT:</b>		
Land	177,390	177,390
Construction in Progress	3,750	-
Equipment - Food Store	38,750	31,248
Furniture and fixtures	65,522	61,404
Office Computer/Equipment	51,027	51,662
Vehicles	93,250	93,250
Training Center Equipment/Software	7,139	7,139
Buildings	4,860,756	4,859,876
Less-accumulated depreciation	(561,247)	(390,336)
Property and equipment-net	4,736,337	4,891,633
<b>OTHER ASSETS:</b>		
Cash restricted for Building Fund	8,599	61,729
Pledges restricted for Building Fund	-	144,208
<b>TOTAL ASSETS</b>	\$ 6,301,131	\$ 6,172,040
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,741	\$ 13,160
Credit card payable	7,674	1,447
Accrued payroll	31,641	27,423
Other liabilities	11,955	9,942
Current portion of note payable	-	40,873
Total current liabilities	58,011	92,845
<b>LONG TERM LIABILITIES:</b>		
Note payable - Building, less current portion	-	162,082
<b>TOTAL LIABILITIES</b>	58,011	254,927
<b>NET ASSETS:</b>		
With donor restrictions	233,034	473,217
Without donor restrictions	6,010,086	5,443,896
Total net assets	6,243,120	5,917,113
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 6,301,131	\$ 6,172,040

**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, 2022 AND 2021**

	<b>2022</b>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 812,848	\$ 253,125	\$ 1,065,973
In-kind Donations			
Assets	6,420	-	6,420
Facility	770	-	770
Groceries	840,269	-	840,269
Meals	81,538	-	81,538
Services	180,121	-	180,121
Donated resale items	540,650	-	540,650
Other	33,324	-	33,324
Special Events	134,875	-	134,875
Interest Income	214	-	214
Other Income	16,800	-	16,800
Sales resale store	518,578	-	518,578
Less cost of resale items	(518,155)	-	(518,155)
Net assets released from restrictions	493,308	(493,308)	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<b>3,141,560</b>	<b>(240,183)</b>	<b>2,901,377</b>
<b>EXPENSES AND LOSSES:</b>			
<b>Program Services</b>			
Basic Assistance	969,578	-	969,578
Springtown Area Community Impact Project	213,661	-	213,661
Education and Career Development	540,955	-	540,955
Family Empowerment	90,496	-	90,496
Hope Chest	262,138	-	262,138
Kingdom Smiles	129,032	-	129,032
<b>Total program services</b>	<b>2,205,860</b>	<b>-</b>	<b>2,205,860</b>
<b>Supporting services</b>			
Management and general	254,957	-	254,957
Fund-raising	114,553	-	114,553
<b>Total supporting services</b>	<b>369,510</b>	<b>-</b>	<b>369,510</b>
<b>TOTAL EXPENSES</b>	<b>2,575,370</b>	<b>-</b>	<b>2,575,370</b>
<b>TOTAL EXPENSES AND LOSSES</b>	<b>2,575,370</b>	<b>-</b>	<b>2,575,370</b>
<b>CHANGE IN NET ASSETS</b>	<b>566,190</b>	<b>(240,183)</b>	<b>326,007</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>5,443,896</b>	<b>473,217</b>	<b>5,917,113</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 6,010,086</b>	<b>\$ 233,034</b>	<b>\$ 6,243,120</b>

The accompanying notes are an integral part of this statement.

**2021**

Without Donor Restrictions	With Donor Restrictions	Total
\$ 897,406	\$ 557,535	\$ 1,454,941
6,265	-	6,265
1,408	-	1,408
1,018,178	-	1,018,178
8,346	-	8,346
148,771	-	148,771
359,407	-	359,407
27,163	-	27,163
29,840	-	29,840
168	-	168
155,440	-	155,440
348,630	-	348,630
(348,332)	-	(348,332)
734,651	(734,651)	-
<u>3,387,341</u>	<u>(177,116)</u>	<u>3,210,225</u>
1,108,068	-	1,108,068
38,821	-	38,821
589,238	-	589,238
94,796	-	94,796
219,888	-	219,888
97,877	-	97,877
<u>2,148,688</u>	<u>-</u>	<u>2,148,688</u>
320,897	-	320,897
95,395	-	95,395
<u>416,292</u>	<u>-</u>	<u>416,292</u>
2,564,980	-	2,564,980
<u>2,564,980</u>	<u>-</u>	<u>2,564,980</u>
822,361	(177,116)	645,245
<u>4,621,535</u>	<u>650,333</u>	<u>5,271,868</u>
<u>\$ 5,443,896</u>	<u>\$ 473,217</u>	<u>\$ 5,917,113</u>

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services					
	Basic Assistance	Springtown Area Community Impact Project	Education and Career Development	Family Empowerment	Hope Chest	Kingdom Smiles
Compensation and related expenses						
Salaries	\$ 135,596	\$ 40,370	\$ 133,502	\$ 38,134	\$ 143,505	\$ 11,822
Payroll taxes	11,092	3,541	11,460	3,620	14,026	998
Staff insurance	1,942	847	895	869	2,660	264
Workers compensation ins	2,183	37	145	101	3,042	-
Retirement	2,173	221	1,478	206	2,593	318
	152,986	45,016	147,480	42,930	165,826	13,402
Client Assistance						
Medical, dental and prescriptions	11,514	14,793	5,871	-	-	42,680
Utilities	41,291	26,312	11,694	-	-	-
Other	5,643	2,558	4,132	-	-	-
Groceries	538,567	113,806	185,997	20,813	-	-
Meals Served	48,760	282	32,496	-	-	-
Advertising	-	234	896	-	552	-
Auto Expense	2,791	228	-	135	-	-
Auto Insurance	4,427	347	-	180	-	-
Bank and Credit Card Charges	-	-	-	-	10,417	-
Community Outreach	265	674	546	239	531	27
Occupancy						
Building Maintenance	3,588	-	3,815	565	4,499	141
Rent	-	3,600	-	-	-	-
Utilities	10,216	-	10,216	1,513	10,216	378
Garbage	967	-	846	169	2,547	-
Database User Fee	5,761	331	4,015	540	-	216
Interest Expense	1,474	-	1,474	218	1,474	55
Depreciation Expense	47,682	-	47,682	7,064	47,682	1,766
Director's & Officers Ins	-	-	-	-	-	-
Other Insurance	4,853	-	4,853	719	4,853	180
Dues and Subscriptions	-	-	-	-	-	-
Employee Business Expenses	486	2,065	116	511	562	-
Supplies						
Bible and study supplies	8	94	5,261	1,725	6,065	-
Kitchen	1,354	24	-	-	-	-
Maintenance	877	-	785	99	1,548	25
Office Supplies	1,288	245	1,675	309	1,087	46
Miscellaneous	20,152	59	3,360	10,660	599	-
Postage	632	-	527	42	42	105
Printing & Reproduction	1,680	5	975	591	233	-
Professional Fees	347	-	347	51	347	13
Special Events Expenses	-	-	-	-	-	-
Technical Support	1,503	-	1,614	251	1,378	50
Telephone	1,251	296	2,073	185	1,252	44
Training/Seminar	-	-	691	114	-	-
Uncollectible client accounts	-	-	-	-	-	13,895
Volunteer Labor	56,569	2,622	60,646	45	259	56,009
Volunteer Expenses	894	70	872	625	169	-
Covid-19 Expenses	1,752	-	-	203	-	-
Total expenses	\$ 969,578	\$ 213,661	\$ 540,955	\$ 90,496	\$ 262,138	\$ 129,032

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



	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>
\$	122,050	\$ 75,224	\$ 700,203
	10,524	6,281	61,542
	1,391	1,507	10,375
	753	-	6,261
	2,644	1,890	11,523
	<u>137,362</u>	<u>84,902</u>	<u>789,904</u>
	-	-	74,858
	-	-	79,297
	-	-	12,333
	-	-	859,183
	-	-	81,538
	301	175	2,158
	-	27	3,181
	40	32	5,026
	4,882	-	15,299
	1,047	40	3,369
	1,978	-	14,586
	-	-	3,600
	5,297	-	37,836
	435	-	4,964
	5,068	-	15,931
	765	-	5,460
	24,721	-	176,597
	973	-	973
	2,516	-	17,974
	2,134	636	2,770
	2,657	150	6,547
	-	-	13,153
	-	-	1,378
	346	-	3,680
	1,061	88	5,799
	1,279	129	36,238
	726	464	2,538
	1,252	1,213	5,949
	52,479	-	53,584
	68	25,396	25,464
	793	-	5,589
	649	-	5,750
	1,781	30	2,616
	1,208	-	15,103
	2,584	1,271	180,005
	-	0	2,630
	555	0	2,510
\$	<u>254,957</u>	\$ <u>114,553</u>	\$ <u>2,575,370</u>

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

	<b>Program Services</b>					
	<b>Basic Assistance</b>	<b>Springtwn Area Community Impact Project</b>	<b>Education and Career Development</b>	<b>Family Empowerment</b>	<b>Hope Chest</b>	<b>Kingdom Smiles</b>
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.

	<b>Management and General</b>	<b>Fund-raising</b>	<b>Total</b>
\$	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>320,897</u>	<u>\$ 95,395</u>	<u>\$ 2,564,980</u>

**PARKER COUNTY CENTER OF HOPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 326,007	\$ 645,245
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	176,597	176,651
(Gain) Loss on Sale of Fixed Assets	-	8
SBA PPP Loan Forgiveness	-	(137,500)
(Increase) decrease in operating assets:		
Receivables	79,405	(121,488)
Inventory	(22,555)	(40,504)
Prepaid Expenses	1,989	226
Increase (decrease) in operating liabilities:		
Accounts payable	(6,419)	8,381
Credit Card Payable	6,227	(7,181)
Accrued Payroll	4,218	7,099
Other Liabilities	2,013	(132)
Contributions restricted for long-term purposes - building fund	(7,180)	(108,562)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>560,302</b>	<b>422,243</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(21,300)	(2,840)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(21,300)</b>	<b>(2,840)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions restricted for long-term purposes - building fund	7,180	108,562
(Increase) decrease in pledges restricted for building fund	144,208	298,032
Principal payments on notes payable	(202,955)	(597,045)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(51,567)</b>	<b>(190,451)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>487,435</b>	<b>228,952</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>790,281</b>	<b>561,329</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,277,716</b>	<b>\$ 790,281</b>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:</b>		
SBA PPP Loan Forgiveness	\$ -	\$ 137,500
Cash	\$ 1,269,117	\$ 728,552
Cash restricted for Building Fund	8,599	61,729
<b>Total cash and cash equivalents</b>	<b>\$ 1,277,716</b>	<b>\$ 790,281</b>

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

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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 \$54,061, \$60,386, \$55,999, and \$9,675 were provided in the current year for the Basic Assistance, Education and Career Development, Kingdom Smiles programs, and Management and General, respectively. These in-kind services include professional, dental and educational services and are valued at estimated pricing for similar services. Volunteers also donated over 36,044 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, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization’s policy related to gifts-in-kind is to utilize the assets to carry out the mission of the Organization. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. Contributed groceries are recognized at estimated fair value by using the current approved rate of \$1.70 per pound, as provided by the Tarrant Area Food Bank. Contributed meals are recognized at estimated fair value of the low end lunch price in the area of \$6 per meal. Donated resale items are recognized at fair value by comparing to sales of comparable items.

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 2021, 2020, and 2019 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.



PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, building utilization 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 26% 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, 2022.

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

NOTE C – AVAILABILITY AND LIQUIDITY (continued)

	<u>2022</u>	<u>2021</u>
Financial assets, at year end		
Cash and cash equivalents	\$ 1,277,716	\$ 790,281
Accounts receivable	94,143	317,757
Total financial assets	<u>1,371,859</u>	<u>1,108,038</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(233,034)	(473,217)
Net assets designated by the board of directors	<u>(207,163)</u>	<u>(133,968)</u>
	(440,197)	(607,185)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 931,662</u>	<u>\$ 500,853</u>

NOTE D – PROMISES TO GIVE RECEIVABLE

Promises to give receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Due in 1 Year		
Building Fund Pledges	\$ -	\$ 144,208
Kingdom Smiles Clients	27,446	30,942
Texas Health	52,487	122,469
United Way	<u>32,050</u>	<u>40,250</u>
Total	111,983	337,869
Less: Allowance for uncollectible promises	<u>(17,840)</u>	<u>(20,112)</u>
Net Promises to Give	<u>\$ 94,143</u>	<u>\$ 317,757</u>

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:

	<u>2022</u>	<u>2021</u>
Designated Special Reserve	\$ 207,163	\$ 133,968

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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

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

	2022	2021
Education and Career Development	\$ 10,804	\$ 11,796
Building Fund	8,599	205,426
Food Fund	26,185	7,805
Kingdom Smiles	37,324	51,275
Springtown	65,685	157,026
Medical & Prescriptions	5,575	6,382
Leather Bibles	18,742	18,742
Canopy	50,000	-
The Fort Worth Found Trust	10,120	14,752
Other	-	13
	<u>\$ 233,034</u>	<u>\$ 473,217</u>

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

	2022	2021
Education & Career Development	\$ 67,370	\$ 102,689
Benevolence	992	12,004
Building Fund	204,007	491,053
Food Fund	9,728	20,983
Family Empowerment	16,059	13,709
Kingdom Smiles	71,359	58,074
Springtown Program	91,341	17,930
Medical & Prescriptions	12,807	5,317
Leather Bibles	-	1,258
Individual Development Grant Expense	-	273
The Fort Worth Found Trust	19,632	10,248
Other	13	1,113
	<u>\$ 493,308</u>	<u>\$ 734,651</u>

PARKER COUNTY CENTER OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

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 \$14,000 for 2022 and \$13,500 for 2021 and 2020. 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, 2022 and 2021, the Organization made matching contributions in the amount of \$11,523 and \$11,388 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. On January 25, 2022 the full amount of the note was paid off.

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 15, 2022, the date which the financial statements are available to be issued.

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, 2021.

NOTE J – ADOPTED ACCOUNTING PRONOUNCEMENT

In fiscal year 2022, Parker County Center of Hope Inc adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adopting of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.