

PARKER COUNTY CENTER OF HOPE, INC.

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

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

PARKER COUNTY CENTER OF HOPE, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statement of Functional Expenses - 2023	6 - 7
Statement of Functional Expenses - 2022	8 - 9
Statements of Cash Flows	10
Notes to Financial Statements	11 - 18

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Parker County Center of Hope, Inc. (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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, 2023 and 2022, 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 14, 2023

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,873,881	\$ 1,269,117
Receivables	172,517	94,143
Inventory	206,004	184,468
Prepaid Expense	5,861	8,467
Total current assets	<u>2,258,263</u>	<u>1,556,195</u>
PROPERTY AND EQUIPMENT:		
Land	177,390	177,390
Construction in Progress	7,500	3,750
Equipment - Food Store	49,650	38,750
Furniture and fixtures	74,408	65,522
Office Computer/Equipment	48,194	51,027
Vehicles	93,250	93,250
Training Center Equipment/Software	7,139	7,139
Buildings	4,936,335	4,860,756
Less-accumulated depreciation	(735,831)	(561,247)
Property and equipment-net	<u>4,658,035</u>	<u>4,736,337</u>
OTHER ASSETS:		
Cash restricted for Building Fund	<u>8,683</u>	<u>8,599</u>
TOTAL ASSETS	<u><u>\$ 6,924,981</u></u>	<u><u>\$ 6,301,131</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,595	\$ 6,741
Credit card payable	3,572	7,674
Accrued payroll	32,264	31,641
Other liabilities	13,193	11,955
Total current liabilities	<u>52,624</u>	<u>58,011</u>
NET ASSETS:		
With donor restrictions	357,748	233,034
Without donor restrictions	6,514,609	6,010,086
Total net assets	<u>6,872,357</u>	<u>6,243,120</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,924,981</u></u>	<u><u>\$ 6,301,131</u></u>

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, 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 928,486	\$ 504,986	\$ 1,433,472
In-kind Donations			
Assets	18,440	-	18,440
Facility	-	-	-
Groceries	846,388	-	846,388
Meals	112,534	-	112,534
Services	230,447	-	230,447
Donated resale items	505,001	-	505,001
Other	53,416	-	53,416
Special Events	94,072	-	94,072
Interest Income	19,265	85	19,350
Other Income	16,976	-	16,976
Sales resale store	509,639	-	509,639
Less cost of resale items	(506,962)	-	(506,962)
Net assets released from restrictions	380,357	(380,357)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,208,059	124,714	3,332,773
EXPENSES AND LOSSES:			
Program Services			
Basic Assistance	1,084,742	-	1,084,742
Springtown Area Community Impact Project	263,773	-	263,773
Education and Career Development	560,694	-	560,694
Family Empowerment	91,390	-	91,390
Hope Chest	280,180	-	280,180
Kingdom Smiles	94,842	-	94,842
Total program services	2,375,621	-	2,375,621
Supporting services			
Management and general	235,634	-	235,634
Fund-raising	92,281	-	92,281
Total supporting services	327,915	-	327,915
TOTAL EXPENSES AND LOSSES	2,703,536	-	2,703,536
CHANGE IN NET ASSETS	504,523	124,714	629,237
NET ASSETS AT BEGINNING OF YEAR	6,010,086	233,034	6,243,120
NET ASSETS AT END OF YEAR	\$ 6,514,609	\$ 357,748	\$ 6,872,357

The accompanying notes are an integral part of this statement.

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 812,848	\$ 253,125	\$ 1,065,973
6,420	-	6,420
770	-	770
840,269	-	840,269
81,538	-	81,538
180,121	-	180,121
540,650	-	540,650
33,324	-	33,324
134,875	-	134,875
214	-	214
16,800	-	16,800
518,578	-	518,578
(518,155)	-	(518,155)
493,308	(493,308)	-
<u>3,141,560</u>	<u>(240,183)</u>	<u>2,901,377</u>
969,578	-	969,578
213,661	-	213,661
540,955	-	540,955
90,496	-	90,496
262,138	-	262,138
129,032	-	129,032
<u>2,205,860</u>	<u>-</u>	<u>2,205,860</u>
254,957	-	254,957
114,553	-	114,553
<u>369,510</u>	<u>-</u>	<u>369,510</u>
<u>2,575,370</u>	<u>-</u>	<u>2,575,370</u>
566,190	(240,183)	326,007
<u>5,443,896</u>	<u>473,217</u>	<u>5,917,113</u>
<u>\$ 6,010,086</u>	<u>\$ 233,034</u>	<u>\$ 6,243,120</u>

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				
	Basic Assistance	Springtown Area Community Impact Project	Education and Career Development	Family Empowerment	Hope Chest
Compensation and related expenses					
Salaries	\$ 121,673	\$ 59,025	\$ 130,472	\$ 46,567	\$ 160,249
Payroll taxes	9,831	4,804	11,001	3,866	13,612
Staff insurance	1,762	1,140	731	1,009	2,591
Workers compensation ins	2,371	67	172	110	3,536
Retirement	2,199	344	1,586	359	3,132
	137,836	65,380	143,962	51,911	183,120
Client Assistance					
Medical, dental and prescriptions	13,573	24,109	8,374	-	-
Utilities	66,853	22,499	16,144	-	-
Other	2,579	2,102	4,293	-	-
Groceries	550,172	126,828	168,425	11,284	-
Meals Served	66,202	2,208	44,124	-	-
Advertising	71	227	862	270	140
Auto Expense	5,329	422	-	37	8
Auto Insurance	4,683	498	-	76	-
Bank and Credit Card Charges	-	-	-	-	10,284
Community Outreach	309	1,618	629	278	534
Occupancy					
Building Maintenance	3,194	-	3,242	498	3,251
Rent	-	5,000	-	-	-
Utilities	11,359	-	11,359	1,683	11,359
Garbage	1,311	-	1,147	209	3,277
Database User Fee	5,973	338	4,170	563	-
Interest Expense	-	-	-	-	-
Depreciation Expense	48,313	-	48,313	7,158	48,313
Director's & Officers Ins	-	-	-	-	-
Other Insurance	5,015	-	5,015	743	5,015
Dues and Subscriptions	-	-	198	-	-
Employee Business Expenses	362	3,546	93	584	210
Supplies					
Bible and study supplies	222	456	7,140	495	9,086
Kitchen	2,152	799	-	-	-
Maintenance	339	-	339	41	548
Office Supplies	1,440	1,546	1,565	235	611
Miscellaneous	37,868	-	2,013	14,361	696
Postage	527	211	422	102	42
Printing & Reproduction	1,929	18	821	179	84
Professional Fees	-	-	-	-	-
Special Events Expenses	-	-	-	-	-
Technical Support	1,359	272	1,742	272	1,343
Telephone	1,395	369	2,189	207	1,395
Training/Seminar	-	-	(150)	-	-
Uncollectible client accounts	-	-	-	-	-
Volunteer Labor	112,479	5,211	83,625	87	136
Volunteer Expenses	1,898	116	638	117	728
Covid-19 Expenses	-	-	-	-	-
Total expenses	\$ 1,084,742	\$ 263,773	\$ 560,694	\$ 91,390	\$ 280,180

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

	Kingdom Smiles	Management and General	Fund-raising	Total
\$	17,238	\$ 123,285	\$ 80,197	\$ 738,706
	1,620	9,705	6,511	60,950
	178	938	1,312	9,661
	12	708	-	6,976
	9	3,072	1,960	12,661
	19,057	137,708	89,980	828,954
	41,079	-	-	87,135
	-	-	-	105,496
	-	-	-	8,974
	-	123	-	856,832
	-	-	-	112,534
	-	263	15	1,848
	-	3	-	5,799
	-	6	-	5,263
	-	6,686	-	16,970
	31	1,197	-	4,596
	119	1,672	-	11,976
	-	-	-	5,000
	421	5,890	-	42,071
	-	590	-	6,534
	225	5,339	-	16,608
	-	-	-	-
	1,789	25,051	-	178,937
	-	135	-	135
	186	2,600	-	18,574
	-	139	-	337
	22	3,533	-	8,350
	-	-	-	17,399
	-	-	-	2,951
	10	195	-	1,472
	52	1,071	93	6,613
	-	3,769	-	58,707
	105	1,050	292	2,751
	8	2,051	590	5,680
	-	27,701	-	27,701
	-	23	1,227	1,250
	54	761	-	5,803
	52	723	-	6,330
	-	3,770	69	3,689
	6,525	-	-	6,525
	25,107	3,585	15	230,245
	-	-	0	3,497
	-	-	0	-
\$	94,842	\$ 235,634	\$ 92,281	\$ 2,703,536

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
Compensation and related expenses					
Salaries	\$ 135,596	\$ 40,370	\$ 133,502	\$ 38,134	\$ 143,505
Payroll taxes	11,092	3,541	11,460	3,620	14,026
Staff insurance	1,942	847	895	869	2,660
Workers compensation ins	2,183	37	145	101	3,042
Retirement	2,173	221	1,478	206	2,593
	152,986	45,016	147,480	42,930	165,826
Client Assistance					
Medical, dental and prescriptions	11,514	14,793	5,871	-	-
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
Occupancy					
Building Maintenance	3,588	-	3,815	565	4,499
Rent	-	3,600	-	-	-
Utilities	10,216	-	10,216	1,513	10,216
Garbage	967	-	846	169	2,547
Database User Fee	5,761	331	4,015	540	-
Interest Expense	1,474	-	1,474	218	1,474
Depreciation Expense	47,682	-	47,682	7,064	47,682
Director's & Officers Ins	-	-	-	-	-
Other Insurance	4,853	-	4,853	719	4,853
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
Office Supplies	1,288	245	1,675	309	1,087
Miscellaneous	20,152	59	3,360	10,660	599
Postage	632	-	527	42	42
Printing & Reproduction	1,680	5	975	591	233
Professional Fees	347	-	347	51	347
Special Events Expenses	-	-	-	-	-
Technical Support	1,503	-	1,614	251	1,378
Telephone	1,251	296	2,073	185	1,252
Training/Seminar	-	-	691	114	-
Uncollectible client accounts	-	-	-	-	-
Volunteer Labor	56,569	2,622	60,646	45	259
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

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

Kingdom Smiles	Management and General	Fund-raising	Total
\$ 11,822	\$ 122,050	\$ 75,224	\$ 700,203
998	10,524	6,281	61,542
264	1,391	1,507	10,375
-	753	-	6,261
318	2,644	1,890	11,523
13,402	137,362	84,902	789,904
42,680	-	-	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
27	1,047	40	3,369
141	1,978	-	14,586
-	-	-	3,600
378	5,297	-	37,836
-	435	-	4,964
216	5,068	-	15,931
55	765	-	5,460
1,766	24,721	-	176,597
-	973	-	973
180	2,516	-	17,974
-	2,134	636	2,770
-	2,657	150	6,547
-	-	-	13,153
-	-	-	1,378
25	346	-	3,680
46	1,061	88	5,799
-	1,279	129	36,238
105	726	464	2,538
-	1,252	1,213	5,949
13	52,479	-	53,584
-	68	25,396	25,464
50	793	-	5,589
44	649	-	5,750
-	1,781	30	2,616
13,895	1,208	-	15,103
56,009	2,584	1,271	180,005
-	-	0	2,630
-	555	0	2,510
\$ 129,032	\$ 254,957	\$ 114,553	\$ 2,575,370

PARKER COUNTY CENTER OF HOPE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 629,237	\$ 326,007
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	178,937	176,597
Donated Assets	(10,900)	-
(Gain) Loss on Sale of Fixed Assets	138	-
(Increase) decrease in operating assets:		
Receivables	(78,375)	79,405
Inventory	(21,536)	(22,555)
Prepaid Expenses	2,606	1,989
Increase (decrease) in operating liabilities:		
Accounts payable	(3,146)	(6,419)
Credit Card Payable	(4,102)	6,227
Accrued Payroll	623	4,218
Other Liabilities	1,238	2,013
Contributions restricted for long-term purposes - building fund	-	(7,180)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>694,720</u>	<u>560,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(89,872)	(21,300)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(89,872)</u>	<u>(21,300)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes - building fund	-	7,180
(Increase) decrease in pledges restricted for building fund	-	144,208
Principal payments on notes payable	-	(202,955)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>(51,567)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	604,848	487,435
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,277,716</u>	<u>790,281</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,882,564</u>	<u>\$ 1,277,716</u>
 Cash	 \$ 1,873,881	 \$ 1,269,117
Cash restricted for Building Fund	8,683	8,599
Total cash and cash equivalents	<u>\$ 1,882,564</u>	<u>\$ 1,277,716</u>
 Supplemental Information:		
Donated equipment	<u>\$ 10,900</u>	<u>\$ -</u>

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

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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, 2023 AND 2022

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.

Revenue from contracts is derived from sales at the Hope Chest resale shop. This revenue is recognized at a point in time when control of the goods transfers to the customer. Payment is due at the time of sale. There are no advance payments. Sales taxes the Organization collects concurrent with revenue producing activities are excluded from revenue.

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 \$108,464, \$83,569, \$25,102, and \$13,312 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

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

include professional, dental and educational services and are valued at estimated pricing for similar services. Volunteers also donated over 41,730 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.

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 2022, 2021, and 2020 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, 2023 AND 2022

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 20% 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, 2023.

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE C – AVAILABILITY AND LIQUIDITY (continued)

	2023	2022
Financial assets, at year end		
Cash and cash equivalents	\$ 1,882,564	\$ 1,277,716
Accounts receivable	172,517	94,143
Total financial assets	2,055,081	1,371,859
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(357,748)	(233,034)
Net assets designated by the board of directors	(936,822)	(207,163)
	(1,294,570)	(440,197)
Financial assets available to meet general expenditures over the next twelve months	\$ 760,511	\$ 931,662

NOTE D – PROMISES TO GIVE RECEIVABLE

Promises to give receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Due in 1 Year		
Kingdom Smiles Clients	\$ 26,889	\$ 27,446
Texas Health	134,377	52,487
United Way	28,729	32,050
	189,995	111,983
Total	189,995	111,983
Less: Allowance for uncollectible promises	(17,478)	(17,840)
Net Promises to Give	\$ 172,517	\$ 94,143

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:

	2023	2022
Designated Special Reserve	\$ 936,822	\$ 207,163

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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

	2023	2022
Education and Career Development	\$ 3,270	\$ 10,804
Benevolence	\$ 10,343	\$ -
Building Fund	8,685	8,599
Food Fund	51,427	26,185
Kingdom Smiles	31,051	37,324
Springtown	226,558	65,685
Medical & Prescriptions	9,558	5,575
Leather Bibles	16,856	18,742
Canopy	-	50,000
The Fort Worth Found Trust	-	10,120
	<u>\$ 357,748</u>	<u>\$ 233,034</u>

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

	2023	2022
Education & Career Development	\$ 63,637	\$ 67,370
Benevolence	711	992
Building Fund	-	204,007
Food Fund	7,501	9,728
Family Empowerment	20,529	16,059
Kingdom Smiles	67,930	71,359
Springtown Program	122,026	91,341
Medical & Prescriptions	11,017	12,807
Leather Bibles	1,886	-
The Fort Worth Found Trust	35,120	19,632
Canopy	50,000	-
Other	-	13
	<u>\$ 380,357</u>	<u>\$ 493,308</u>

PARKER COUNTY CENTER OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 \$15,500 for 2023, \$14,000 for 2022 and \$13,500 for 2021. 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, 2023 and 2022, the Organization made matching contributions in the amount of \$12,660 and \$11,523 respectively.

NOTE G – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 14, 2023, the date which the financial statements are available to be issued.

NOTE H – LEASES

Effective for the year ended June 30, 2023, under Financial Accounting Standards (FASB) Accounting Standards Codification (ACS) Topic 842: Leases; leases with terms greater than 12 months must be classified as an operating or financing leases on the statement of financial position to be in compliance with GAAP. The lessee recognizes a right-of-use asset, initially measured at the present value of the lease payments, and a lease liability on the balance sheet. The Organization does not have any leases greater than 12 months. The Organization is the lessee and lessor with terms less than 12 months for which the Organization has elected to recognize in operating expense and revenue on the straight-line basis.