

Crisis Assistance Center, Inc.
dba Community Assistance Center
Financial Statements
For the Fifteen Month Period Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crisis Assistance Center, Inc.
dba Community Assistance Center
Conroe, Texas

We have audited the accompanying financial statements of Crisis Assistance Center, Inc. dba Community Assistance Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the fifteen month period 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.

Auditors' 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 from material misstatement.

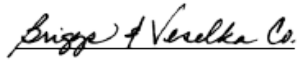
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

To the Board of Directors of
Crisis Assistance Center, Inc.
dba Community Assistance Center
Re: Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Assistance Center, Inc. dba Community Assistance Center as of December 31, 2018, and the changes in its net assets and its cash flows for the fifteen month period then ended in accordance with accounting principles generally accepted in the United States of America.



Briggs & Veselka Co.
The Woodlands, Texas

June 3, 2019

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS	
Cash and cash equivalents	\$ 677,836
Investments	201,478
Accounts receivable	62,850
Prepaid expenses	10,636
Other assets	12,475
Property and equipment, net	<u>371,774</u>
TOTAL ASSETS	<u>\$ 1,337,049</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued liabilities	\$ 56,456
Net assets	
Without donor restrictions	1,040,440
With donor restrictions	<u>240,153</u>
Total net assets	<u>1,280,593</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,337,049</u>

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

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
STATEMENT OF ACTIVITIES
FOR THE FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Support and revenue			
Montgomery County	\$ 273,905	\$ -	\$ 273,905
United Way	538,516	-	538,516
Federal, state, and local grants	-	319,497	319,497
General public, fundraisers and other	481,551	251,630	733,181
Resale shop	63,417	-	63,417
Interest	2,044	-	2,044
Net assets released from restrictions	<u>536,341</u>	<u>(536,341)</u>	<u>-</u>
Total support and revenue	1,895,774	34,786	1,930,560
Expenses			
Program services	1,500,246	-	1,500,246
Supporting services			
Management and general	235,305	-	235,305
Fundraising	<u>230,636</u>	<u>-</u>	<u>230,636</u>
Total expenses	<u>1,966,187</u>	<u>-</u>	<u>1,966,187</u>
Change in net assets	(70,413)	34,786	(35,627)
Net assets, beginning of year	<u>1,110,853</u>	<u>205,367</u>	<u>1,316,220</u>
NET ASSETS, END OF YEAR	<u>\$ 1,040,440</u>	<u>\$ 240,153</u>	<u>\$ 1,280,593</u>

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

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Advertising	\$ 17,237	\$ 888	\$ 456	\$ 18,581
Client and other assistance	3,025	-	-	3,025
Client drugs and medical	5,073	-	-	5,073
Client food	254,412	-	-	254,412
Client shelter and housing	375,628	-	-	375,628
Client utilities assistance	182,522	-	-	182,522
Depreciation	45,138	1,696	872	47,706
Employee benefits	51,159	19,508	14,653	85,320
Fundraising	-	-	51,050	51,050
Information technology	17,434	5,588	3,495	26,517
Insurance	14,097	3,398	2,201	19,696
Meetings and seminars	241	8,602	5,812	14,655
Office supplies	14,522	4,967	2,850	22,339
Payroll, related taxes, and fees	467,486	150,185	143,983	761,654
Professional fees	220	29,243	6	29,469
Repairs and maintenance	26,365	4,516	2,740	33,621
Travel	1,154	1,852	889	3,895
Utilities	19,154	2,677	1,600	23,431
Other	5,379	2,185	29	7,593
TOTAL EXPENSES	\$ 1,500,246	\$ 235,305	\$ 230,636	\$ 1,966,187

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

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
STATEMENT OF CASH FLOWS
FOR THE FIFTEEN MONTH PERIOD ENDED DECEMBER 31, 2018

Cash flows from operating activities	
Change in net assets	\$ (35,627)
Adjustment to reconcile change in net assets to net cash from operating activities:	
Depreciation	47,706
Change in operating assets and liabilities:	
Accounts receivable	(62,850)
Prepaid expenses	(10,636)
Other assets	(12,475)
Accounts payable and accrued liabilities	8,858
Due to others	<u>(10,538)</u>
Net cash from operating activities	<u>(75,562)</u>
Cash flows from investing activities	
Purchase of property and equipment	(299,826)
Purchases of investments	<u>(201,478)</u>
Net cash from investing activities	<u>(501,304)</u>
Net change in cash and cash equivalents	(576,866)
Cash and cash equivalents, beginning of year	<u>1,254,702</u>
Cash and cash equivalents, end of year	<u>\$ 677,836</u>

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

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crisis Assistance Center, Inc. dba Community Assistance Center (the “Organization”) was incorporated in Texas as a nonprofit organization on June 1, 1981. The Organization was established primarily to provide emergency financial assistance and food to qualified residents of Montgomery County. The Organization provides rent, utility, prescription, childcare and transportation assistance, along with other miscellaneous forms of aid, plus tangible assistance including groceries and clothing.

In September 2017, the Organization’s Board of Directors approved the change of the Organization’s fiscal year-end from September 30 to December 31. A three-month fiscal transition period from October 1, 2017 through December 31, 2017, precedes the start of the new fiscal year cycle.

Basis of Accounting – The Organization uses the accrual basis of accounting. Revenues are recognized when they are earned. Expenses are recognized when they are incurred.

Basis of Presentation – The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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 stipulations and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.
- **Net assets with donor restrictions** – Net assets subject to donor-imposed restrictions 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 statement of activities.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk – The Organization maintains cash at several financial institutions. The cash balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 of the balance. At December 31, 2018, the Organization’s uninsured balance totaled \$110,990.

Investments – Investments represent certificates of deposit with varying maturities held at a financial institution.

Accounts Receivable – Accounts receivable is comprised of grants and other receivables. Grant receivables are stated as reimbursable expenditures due from the grantor. No allowance for bad debts is recorded, as revenue received is from third-party reimbursements with state and local government agencies.

Prepaid Expenses – Prepaid expenses consist of prepayments for insurance coverage, fundraisers and conferences.

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Property and Equipment – Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over three to thirty-nine estimated useful lives. Maintenance and repairs are charged to expense and major improvements are capitalized. Any gain or loss on retirement, sale or other disposition of the equipment is recognized as revenue or expense. Donated equipment is valued at fair market value and its related depreciation is computed using the straight-line method.

Support – The Organization follows the recommendations of authoritative guidance for contributions received and contributions made. Accordingly, the contributions received are recorded as support with or without restrictions depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Materials and Services – A substantial number of unpaid volunteers (including the Board of Directors) have made significant contributions of their time for the Organization’s benefit. Management estimates that 11,640 hours of volunteer time is utilized for 2018. The value of this time is not reflected in these financial statements. There are also donations of food and other items to the Organization. These items are then in turn provided to families in Montgomery County. Management has estimated the value of these items to be \$241,244 for 2018. The value of these donations are reflected in the financial statements.

Functional Allocation of Expenses – The costs of providing programs and supporting services have been summarized on a functional basis in the supporting statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

<u>Expenses</u>	<u>Methodology</u>
Advertising	Square footage
Depreciation	Square footage
Employee benefits	Time and effort
Information technology	Full-time equivalent
Insurance	Full-time equivalent
Office supplies	Full-time equivalent
Payroll, related taxes, and fees	Time and effort
Professional fees	Square footage
Repairs and maintenance	Full time equivalent
Utilities	Square footage

Advertising Costs – The Organization expenses advertising costs as incurred. Advertising expense in the amount of \$18,581 was incurred for 2018.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments – The carrying amounts reported in the statement of financial position for cash and cash equivalents, and investments approximate their fair value.

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Recent Accounting Pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. These amendments change presentation and disclosure requirements for not-for-profit (NFP) entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes; investment return; expenses; liquidity and availability of resources; and presentation of operating cash flows. The amendments are effective for not-for-profit organizations for annual financial statements issued for fiscal years beginning after December 15, 2017.

The effects of this pronouncement are presented in the financial statements.

NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018, for nonpublic entities.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The guidance is effective for fiscal years beginning after December 15, 2019, for nonpublic entities. The standard may be early adopted and requires a modified retrospective transition approach to apply.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This update provides guidance on how to record eight specific cash flow issues, and how the predominant principle should be applied when cash receipts and cash payments have more than one class of cash flows. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods beginning after December 15, 2019, for nonpublic entities, with early adoption permitted. Adoption will be applied retrospectively to all periods presented.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption permitted.

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by NFP's and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellations of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. With some exceptions, the guidance is effective for annual periods beginning after December 15, 2018 or December 15, 2019 if the NFP is a resource recipient or a resource provider, respectively. Early adoption is permitted.

The Organization is currently evaluating the impact these pronouncements will have on its financial statements and related disclosures.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 677,836
Investments	201,478
Accounts receivable	<u>62,850</u>
Total financial assets available for general expenditure	942,164
Less: amounts not available for general expenditure	
Net assets with donor restrictions	<u>(240,153)</u>
Total financial assets at year-end available for general expenditure over the next 12 months	<u>\$ 702,011</u>

The Organization receives significant contributions from donors, foundations, special events and corporations which are available to meet cash needs for general expenditures. As of December 31, 2018, restricted contributions of \$240,153 were included in financial assets. These assets are available for use for client assistance. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund short-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization desires to target a year-end balance of reserves of unrestricted, undesignated net assets at six months of expected expenditures. To achieve these targets, the entity forecasts its future cash flows, monitors its liquidity monthly, and monitors its reserves annually.

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 – FAIR VALUE MEASUREMENT OF INVESTMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity’s assumptions (unobservable inputs).

The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1** – Quoted prices in active markets for identical assets or liabilities.
- **Level 2** – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Fair values of assets measured at December 31, 2018 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total Investments	\$ 201,478	\$ -	\$ 201,478	\$ -

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2018:

Land	\$ 157,709
Building and improvements	470,928
Furniture and equipment	64,813
Automobile	<u>74,809</u>
	768,259
Less: accumulated depreciation	<u>(396,485)</u>
Total property and equipment, net	<u>\$ 371,774</u>

Depreciation expense for the fifteen month period ended December 31, 2018 amounted to \$47,706.

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for use by programs specified by donors. Net assets released from donor restrictions for 2018 are attributable to expenses incurred in connection with these specific programs.

Net assets with donor restrictions released from restrictions and reclassified to net assets without donor restrictions during the fifteen month period ended December 31, 2018 were as follows:

Federal, state and local grants	\$ 311,497
General public, fundraisers and other	<u>224,844</u>
Total	<u>\$ 536,341</u>

Net assets with donor restrictions as of December 31, 2018 were as follows:

Federal, state and local grants	\$ 107,856
General public, fundraisers and other	<u>132,297</u>
Total	<u>\$ 240,153</u>

NOTE 7 – GRANTS

The following is a summary of federal, state and local grant revenues for the fifteen month period ended December 31, 2018:

Federal Emergency Management Agency	\$ 100,985
Montgomery County Community Foundation	130,512
HUD Continuum of Care – Permanent	28,000
Woodforest Charitable Foundation	<u>60,000</u>
Total	<u>\$ 319,497</u>

NOTE 8 – OPERATING LEASES

The Organization leases copiers under operating leases expiring in 2021 and 2022. The following is a schedule of future minimum lease payments required under the leases as of December 31, 2018:

For the Year Ending December 31,	Amount
2019	\$ 4,788
2020	4,788
2021	4,788
2022	<u>4,788</u>
Total	<u>\$ 19,152</u>

CRISIS ASSISTANCE CENTER, INC.
DBA COMMUNITY ASSISTANCE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 9 – RETIREMENT PLAN

The Organization maintains a SIMPLE IRA retirement plan. The Organization contributes to the SIMPLE IRA a matching contribution equal to an employee's salary reduction up to a limit of 3% of their annual salary. Contributions totaling \$12,924 for the fifteen month period ended December 31, 2018, were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 3, 2019, the date the financial statements were available to be issued.