

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Financial Statements
and Independent Auditors' Report
for the year ended December 31, 2019

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

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Independent Auditors' Report

To the Board of Directors of
Crisis Assistance Center, Inc.:

We have audited the accompanying financial statements of Crisis Assistance Center, Inc. (dba Community Assistance Center), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, of cash flows, and of functional expenses for the year 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 our 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.

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, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard – As discussed in Note 2 to the financial statements, Community Assistance Center adopted the amendments of an Accounting Standards Update 2018-08 for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Blazek & Vetterling

June 4, 2020

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Statement of Financial Position as of December 31, 2019

ASSETS

Cash	\$ 571,066
Contributions and grants receivable <i>(Note 4)</i>	593,163
Prepaid expenses	18,567
Resale store inventory	89,554
Certificates of deposit	205,874
Property, net <i>(Note 5)</i>	<u>345,131</u>
TOTAL ASSETS	<u>\$ 1,823,355</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued liabilities	\$ 39,937
Accrued payroll liabilities	<u>32,602</u>
Total liabilities	<u>72,539</u>
Net assets:	
Without donor restrictions	1,025,551
With donor restrictions <i>(Note 6)</i>	<u>725,265</u>
Total net assets	<u>1,750,816</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,823,355</u>

See accompanying notes to financial statements.

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Statement of Activities for the year ended December 31, 2019

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
In-kind (Note 7)	\$ 655,523		\$ 655,523
United Way		\$ 378,992	378,992
Montgomery County		219,124	219,124
Government grants (Note 8)		168,280	168,280
Other	77,728	287,540	365,268
Special events	107,630		107,630
Direct donor benefit costs of special events	(29,462)		(29,462)
Resale store sales	62,651		62,651
Cost of donated goods sold	(62,651)		(62,651)
Investment return	<u>6,081</u>		<u>6,081</u>
Total revenue	817,500	1,053,936	1,871,436
Net assets released from restrictions:			
Program expenditures	514,043	(514,043)	
Expiration of time restrictions	<u>618,064</u>	<u>(618,064)</u>	
Total	<u>1,949,607</u>	<u>(78,171)</u>	<u>1,871,436</u>
EXPENSES:			
Program services	1,633,434		1,633,434
Management and general	185,477		185,477
Fundraising	<u>145,585</u>		<u>145,585</u>
Total expenses	<u>1,964,496</u>		<u>1,964,496</u>
CHANGES IN NET ASSETS	(14,889)	(78,171)	(93,060)
Net assets, beginning of year (Note 2)	<u>1,040,440</u>	<u>803,436</u>	<u>1,843,876</u>
Net assets, end of year	<u>\$ 1,025,551</u>	<u>\$ 725,265</u>	<u>\$ 1,750,816</u>

See accompanying notes to financial statements.

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Statement of Cash Flows for the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ (93,060)
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Depreciation	26,643
Changes in operating assets and liabilities:	
Contributions and grants receivable	32,970
Prepaid expenses	(7,931)
Resale store inventory	(77,079)
Accounts payable and accrued liabilities	<u>16,083</u>
Net cash used by operating activities	<u>(102,374)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Net change in certificates of deposit	<u>(4,396)</u>
NET CHANGE IN CASH	(106,770)
Cash, beginning of year	<u>677,836</u>
Cash, end of year	<u>\$ 571,066</u>

See accompanying notes to financial statements.

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Statement of Functional Expenses for the year ended December 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL EXPENSES
Direct assistance	\$ 951,513			\$ 951,513
Salaries and related costs	539,182	\$ 138,087	\$ 103,140	780,409
Professional fees and contract services	494	35,680	16,228	52,402
Supplies	33,829	1,590	3,883	39,302
Depreciation	23,464	1,641	1,538	26,643
Repair and maintenance	15,998	1,625	1,718	19,341
Insurance	14,160	1,504	1,591	17,255
Information technology and communications	12,351	1,226	3,017	16,594
Utilities	13,018	1,797	1,728	16,543
Travel, meetings and related meals	5,382	448	4,531	10,361
Professional development	8,115	812	928	9,855
Postage and printing	4,681	462	3,873	9,016
Marketing and advertising	5,328	290	2,297	7,915
Bank and credit card fees	4,156	111	314	4,581
Other	<u>1,763</u>	<u>204</u>	<u>799</u>	<u>2,766</u>
Total expenses	<u>\$ 1,633,434</u>	<u>\$ 185,477</u>	<u>\$ 145,585</u>	1,964,496
Direct donor benefit costs of special events – meal costs and venue rental				29,462
Cost of donated goods sold				<u>62,651</u>
Total				<u>\$ 2,056,609</u>

See accompanying notes to financial statements.

Crisis Assistance Center, Inc.
(dba Community Assistance Center)

Notes to Financial Statements for the year ended December 31, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Crisis Assistance Center, Inc. (dba Community Assistance Center) is a Texas nonprofit organization incorporated in 1981. Community Assistance Center provides emergency assistance and services to qualified residents of Montgomery County, Texas. Community Assistance Center provides assistance with basic needs and crisis intervention, including rent or mortgage assistance, utility assistance, food, clothing and transportation vouchers, and other assistance, as well as community education and self-sufficiency programs.

The Unique Resale Shop sells donated goods to provide a low-cost source of clothing, furniture, books, toys, and household goods to families served by Community Assistance Center and others in the community. The Unique Resale Shop is also the mainstay of the Voucher Assistance Program, providing donated goods to our neighbors in need throughout Montgomery County.

Federal income tax status – Community Assistance Center is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – At times, bank deposits exceed the federally insured limit per depositor per institution.

Contributions and grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows.

Resale store inventory includes resale shop inventory as well as inventory used in the Voucher Assistance Program and is carried at the lower of cost or net realizable value. Cost is fair value at date of gift for contributed inventory. Donated resale store clothing and home goods are valued at estimated fair value at the date of gift.

Certificates of deposit are non-negotiable bank time deposits valued at face value plus accrued interest.

Property is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$5,000 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 39 years.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions and grants are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions and grants received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions and grants are subject to one or more barriers that must be overcome before Community Assistance Center is entitled to receive or retain funding. Conditional contributions and grants are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Special event revenue is the total amount paid by attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special events.

Donated materials and services – Donated materials are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or sold. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Revenue recognition – Retail store sales are recognized as revenue at the sales price net of any discounts and estimated returns when goods or services are provided to a customer. Payment is due at point of sale. The nature of these services does not give rise to contract costs or any variable considerations, warranties or other obligations. There are no receivables or deferred revenues associated with this revenue.

Cost of donated goods sold is based on the estimated fair value of the donated goods that are sold in the resale store.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and utilities are allocated based on square footage. Insurance, information and communications, and other shared costs are allocated based on full-time equivalents.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARD

Community Assistance Center adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether

a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. Community Assistance Center adopted the new standard effective January 1, 2019, using the retrospective method. Adoption of this ASU increased total beginning net assets at January 1, 2019 by \$563,283, but had no impact on changes in net assets for 2019.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year at December 31, 2019 comprise the following:

Financial assets:	
Cash	\$ 571,066
Contributions receivables	593,163
Certificates of deposit	<u>205,874</u>
Total financial assets	1,370,103
Less financial assets not available for general expenditure:	
Restricted by donors for future projects	<u>(181,930)</u>
Total financial assets available for general expenditure	<u>\$ 1,188,173</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Community Assistance Center considers all expenditures related to its unrestricted, undesignated activities to be general expenditures.

Community Assistance Center 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. Community Assistance Center desires to target a year-end balance of reserves of undesignated *net assets without donor restrictions* 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.

NOTE 4 – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at December 31, 2019 consist of the following:

United Way	\$ 380,992
Montgomery County	164,343
Government grants	43,022
Other contributions	<u>4,806</u>
Total contributions and grants receivable	<u>\$ 593,163</u>

At December 31, 2019, all contributions and grants receivable are due within one year.

NOTE 5 – PROPERTY

Property at December 31, 2019 consists of the following:

Land	\$ 157,709
Buildings	470,928
Equipment, furniture, and fixtures	<u>139,622</u>
Total property, at cost	768,259
Accumulated depreciation	<u>(423,128)</u>
Property, net	<u>\$ 345,131</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are restricted as follows:

Subject to expenditure for specified purpose:	
Utilities	\$ 145,176
Disaster relief (Imelda)	28,465
Other	8,289
Subject to passage of time for future operating periods	<u>543,335</u>
Total net assets with donor restrictions	<u>\$ 725,265</u>

NOTE 7 – IN-KIND CONTRIBUTIONS

Contributed food, clothing and housewares are received for the food pantry and for the Voucher Assistance Program. In addition, all of the items sold in the Unique Resale Shop are contributed by the general public. Other in-kind goods and services are also received for use in program operations and fundraising. The fair value of these contributions is based on the estimated fair value of each item and is recognized in the financial statements as in-kind contributions. In-kind contributions at December 31, 2019 are as follows:

Program services:	
Food	\$ 437,461
Clothing, housewares and other items	68,307
Unique Resale Shop donated inventory	139,355
Other in-kind contributions	<u>10,400</u>
Total in-kind contributions	<u>\$ 655,523</u>

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles. The hours contributed by volunteers approximated 13,252 in 2019, primarily in the food pantry, Unique Resale Shop and Voucher Assistance Program. The Independent Sector and Bureau of Labor Statistics estimated the value of one hour of volunteer service in the United States at \$25.43 in 2019. Using these rates, the estimated value of volunteer services not recognized in these financial statements is approximately \$336,998 for 2019.

NOTE 8 – GOVERNMENT GRANTS

Community Assistance Center is the recipient of government grants from various federal agencies. Should these awards not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Government grants include the following:

U. S. Department of Housing and Urban Development – Continuum of Care Program	\$ 116,676
U. S. Department of Homeland Security – Emergency Food and Shelter Program	<u>51,604</u>
Total government grants	<u>\$ 168,280</u>

Community Assistance Center’s government grants require fulfillment of certain conditions as set forth in the awards and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by Community Assistance Center with the terms of the awards. Management believes such disallowances, if any, would not be material to Community Assistance Center’s financial position or changes in net assets.

At December 31, 2019, conditional government grants of approximately \$46,000 have not been recognized because the conditions on which they depend have not yet been met. Conditions include performance of allowable activities and incurring allowable expenses.

NOTE 9 – EMPLOYEE BENEFIT PLAN

All employees of Community Assistance Center are eligible to participate in a SIMPLE IRA retirement plan upon employment. Participating employees receive an employer matching contribution of up to 3% of the employee’s annual wages. Community Assistance Center’s contribution to this plan totaled approximately \$15,000 during 2019.

NOTE 10 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization (WHO) declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. The extent of the impact of COVID-19 on Community Assistance Center’s operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on customers, donors, employees, and vendors all of which are uncertain and cannot be predicted. Therefore, while Community Assistance Center expects this

matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time.

Community Assistance Center has pursued and been approved for financial relief under legislation passed by the Federal government through a forgivable loan totaling \$151,800. There are no assurances that this loan will be forgiven in total.

Management has evaluated subsequent events through June 4, 2020, which is the date that the financial statements were available for issuance. No other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
