

VETERANS CENTER OF NORTH TEXAS, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

December 31, 2019

FARMER, FUQUA & HUFF P.C.

Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Veterans Center of North Texas, Inc.
Dallas, Texas

We have audited the accompanying financial statements of Veterans Center of North Texas, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Veterans Center of North Texas, Inc. 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.

Richardson, Texas
June 30, 2020

VETERANS CENTER OF NORTH TEXAS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

CURRENT ASSETS	
Cash	\$ 106,577
Certificates of deposit	<u>78,428</u>
Total Current Assets	<u>185,005</u>
TOTAL ASSETS	\$ <u>185,005</u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$ <u>---</u>
TOTAL LIABILITIES	---
NET ASSETS	
With donor restrictions	20,269
Without donor restrictions	<u>164,736</u>
TOTAL NET ASSETS	<u>185,005</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>185,005</u>

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

VETERANS CENTER OF NORTH TEXAS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Support and Revenues	
Donations	\$ 33,703
Special events	34,658
Interest income	<u>461</u>
Total Revenue without Donor Restrictions	68,822
Net assets released from restrictions	<u>38,337</u>
 TOTAL REVENUE WITHOUT DONOR RESTRICTIONS	 107,159

EXPENSES

Program services	38,500
Fundraising	10,013
General and administrative	<u>26,705</u>
 TOTAL EXPENSES	 <u>75,218</u>

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 31,941

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Support and Revenues	
Grants	38,255
Donations	8,678
Net assets released from restriction	<u>(38,337)</u>

INCREASE IN NET ASSETS WITH DONOR RESTRICTONS 8,596

INCREASE IN TOTAL NET ASSETS 40,537

NET ASSETS, BEGINNING OF YEAR 144,468

NET ASSETS, END OF YEAR \$ 185,005

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

VETERANS CENTER OF NORTH TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	<u>Program Services</u>	<u>Fund- Raising</u>	<u>Management and General</u>	<u>Total</u>
Veterans Emergency Assistance Program (VEAP)	\$ 38,500	\$ ---	\$ ---	\$ 38,500
Special event – golf tournament	---	10,013	791	10,804
Office rent	---	---	8,520	8,520
Computer, internet, phone	---	---	6,075	6,075
Volunteer recognition	---	---	3,425	3,425
Printing and copying	---	---	2,047	2,047
Insurance	---	---	1,995	1,995
Office supplies	---	---	1,331	1,331
Memberships and dues	---	---	1,015	1,015
Staff development	---	---	614	614
Bank fees	---	---	470	470
Postage and mailing	---	---	158	158
Background checks	---	---	153	153
Miscellaneous	---	---	111	111
	<u>\$ 38,500</u>	<u>\$ 10,013</u>	<u>\$ 26,705</u>	<u>\$ 75,218</u>

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

VETERANS CENTER OF NORTH TEXAS, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 40,537
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Decrease in receivables	4,859
Decrease in grant refund payable	<u>(1,789)</u>
Net cash provided by operating activities	43,607
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net increase in certificates of deposit	<u>(78,428)</u>
Net cash used in investing activities	<u>(78,428)</u>
NET DECREASE IN CASH	(34,821)
Cash, beginning of year	<u>141,398</u>
Cash, end of year	<u><u>\$ 106,577</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for	
Interest	\$ <u>---</u>
Taxes	\$ <u>---</u>

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

VETERANS CENTER OF NORTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A – ORGANIZATION AND BACKGROUND OF CORPORATION

The Veterans Center of North Texas, Inc. (the Organization) was established in June 2014 as a 501(c)(3) nonprofit organization. The mission of the Organization is to assist Veterans of all ages and service eras, and their families to navigate through the network of public and private agencies to obtain assistance, services and support to establish and maintain productive lifestyles within the North Texas communities and to provide assistance where possible. The primary program of the Organization is the Veterans Emergency Assistance Program (VEAP) which is totally funded by grants. The Organization has an all-volunteer staff.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, donor restricted net assets are classified as without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets with donor restrictions consists of grants and donations that are available for use for the Veterans Emergency Assistance Program.

The Organization follows FASB ASC 958 – *Not-For-Profit Entities*.

Functional Allocation of Expenses

The costs of providing the various program services and related supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated between the program services and their supporting services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

VETERANS CENTER OF NORTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates – continued

and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of December 31, 2019.

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. The Organization has not experienced any losses in such accounts. At December 31, 2019, the Organization did not have cash in excess of the FDIC insured amount.

Promises to Give

Unconditional promises to give are included in the financial statements in the period when the promise is received as pledges receivable and as revenue from grants or contributions in the appropriate net asset category. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had not received any unconditional promises to give as of December 31, 2019. Conditional promises to give in the form of reimbursement grants in the amount of \$5,750 were received in 2019. As of December 31, 2019, \$4,512 remained to be received upon meeting the specific conditions of the related grants.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The donation of these services and the offsetting related expenses are not reflected in the accompanying financial statements; however, there would be no change in net assets if these activities were recorded.

Federal Income Tax

Income taxes are not recorded in the accompanying financial statements. The Organization is exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization files a Form 990 Return of Organization Exempt from Income Tax. The

VETERANS CENTER OF NORTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Federal Income Tax – continued

preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management has determined whether any tax positions have met the recognition threshold and have measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and there were no unrecorded tax liabilities. Federal and state authorities generally have the right to examine the previous three years of tax returns filed.

NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets at December 31, 2019 consist of cash and certificates of deposit in the total amount of \$185,005 which do not have any donor-imposed restrictions within one year of the balance sheet date. All financial assets were available for use as of December 31, 2019. As part of the Organization's liquidity management, it invests in certificates of deposit.

NOTE D – LEASE COMMITMENT

The Organization has a non-cancelable lease for its office space. The monthly rental amount is \$710 to July 1, 2020. Beginning July 1, 2020, the Organization signed a new lease and increased its rental office space. The monthly rental amount from July 1, 2020 to June 30, 2023 will be \$1933. Future minimum lease payments will be \$15,860 – 2020; \$23,200 – 2021 and 2022; and \$11,600 – 2023. Rent expense for the year ended December 31, 2019 amounted to \$8,520.

NOTE E – LOAN GUARANTEE PROGRAM

A program has been established where the Organization works with a local bank to provide "micro loans" to help veterans who are in a crisis situation. The Organization authorizes a small loan to a veteran to be processed by the bank and guaranteed by the Organization as co-signer on the loan. The veteran in turn uses the proceeds to repay the Organization funds that have been expended on his or her behalf. This allows the veteran to assume responsibility for repaying the loans and to also build up credit. At December 31, 2019, the outstanding loan balances guaranteed by the Organization was approximately \$3,262.

VETERANS CENTER OF NORTH TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE F – CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and certificates of deposit. Concentration of credit risk with respect to cash primarily results from the Organization placing a portion of its cash and its certificates of deposit with one financial institution. The Organization's exposure to loss should this financial institution fail would be limited to any amount in excess of the amount insured by the Federal Deposit Insurance Corporation. The risk is managed by maintaining the deposits in a high quality financial institution. The Organization has not experienced any losses in such accounts. At December 31, 2019, the Organization did not have cash in excess of the FDIC insured amount.

Concentrations from grants existed in 2019. One grant comprised 26% of the grant revenue. Another grant comprised 20% and 3 grants comprised 13% each of the total grant revenue for the year ended December 31, 2019. Approximately 57% of donations received in 2019 resulted from North Texas Giving Day. The Organization held a golf tournament during 2019 which generated 100% of the special events revenue and support.

NOTE G – SUBSEQUENT EVENT – CORONAVIRUS PANDEMIC

In early 2020, a strain of coronavirus (“COVID-19”) was reported worldwide, resulting in decreased economic activity and concerns about the pandemic, which would adversely affect the broader global economy. The Organization is taking all necessary steps to keep its business premises, vendors and volunteers in a safe environment and are constantly monitoring the impact of COVID - 19. At this point, the extent to which COVID - 19 may impact the global economy and the Organization is uncertain, but pandemics or other significant public health events could have a material adverse effect on our organizations and results of operations.

NOTE H – DATE THROUGH WHICH SUBSEQUENT EVENTS EVALUATED

The date to which events occurring after December 31, 2019, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 30, 2020 which is the date on which the financial statements were available to be issued.