



**Network of Community Ministries, Inc.**

**Financial Statements  
June 30, 2021 and 2020**

# Network of Community Ministries, Inc.

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## **Independent Auditors' Report**

To the Board of Directors  
Network of Community Ministries, Inc.

We have audited the accompanying financial statements of Network of Community Ministries, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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 error or fraud.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Network of Community Ministries, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Sutton Frost Cary*

A Limited Liability Partnership

Arlington, Texas  
February 10, 2022

**Network of Community Ministries, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

<b>Assets</b>		
	2021	2020
<b>Current assets:</b>		
Cash	\$ 1,040,703	\$ 1,103,203
Grants receivable	43,755	142,959
Donated inventory	246,905	340,014
Prepaid expenses and other	19,379	10,843
Other receivable	10,418	-
<b>Total current assets</b>	1,361,160	1,597,019
Assets restricted for capital expenditures:		
Cash	2,185,690	123,793
Unconditional promises to give	1,464,817	366,207
Grant receivable	200,000	-
Property and equipment, net	5,474,464	339,919
<b>Total assets</b>	<b>\$ 10,686,131</b>	<b>\$ 2,426,938</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 832,947	\$ 25,314
Accrued compensated absences	18,570	8,971
Refundable advances	123,333	-
Current maturities of long-term debt	63,633	111,900
<b>Total current liabilities</b>	1,038,483	146,185
<b>Noncurrent liabilities:</b>		
Long-term debt, net	2,481,440	-
<b>Total liabilities</b>	3,519,923	146,185
<b>Net assets:</b>		
Without donor restrictions	2,052,825	1,452,469
With donor restrictions	5,113,383	828,284
<b>Total net assets</b>	7,166,208	2,280,753
<b>Total liabilities and net assets</b>	<b>\$ 10,686,131</b>	<b>\$ 2,426,938</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 1,824,064	\$ -	\$ 1,824,064
Capital campaign contributions	-	4,139,160	4,139,160
In-kind contributions	4,867,688	-	4,867,688
Emergency Services	463,623	289,949	753,572
Other revenue	72,234	-	72,234
Net assets released from restrictions	144,010	(144,010)	-
<b>Total revenue and support</b>	<b>7,371,619</b>	<b>4,285,099</b>	<b>11,656,718</b>
<b>Expenses:</b>			
Program services:			
Emergency Services	5,971,784	-	5,971,784
Seniors' Net	85,759	-	85,759
<b>Total program services</b>	<b>6,057,543</b>	<b>-</b>	<b>6,057,543</b>
Management and general	533,467	-	533,467
Fundraising	292,153	-	292,153
<b>Total expenses</b>	<b>6,883,163</b>	<b>-</b>	<b>6,883,163</b>
<b>Change in net assets from operations</b>	<b>488,456</b>	<b>4,285,099</b>	<b>4,773,555</b>
<b>Non-operating activity:</b>			
Forgiveness of Paycheck Protection Program loan	111,900	-	111,900
<b>Change in net assets</b>	<b>600,356</b>	<b>4,285,099</b>	<b>4,885,455</b>
<b>Net assets at beginning of year</b>	<b>1,452,469</b>	<b>828,284</b>	<b>2,280,753</b>
<b>Net assets at end of year</b>	<b>\$ 2,052,825</b>	<b>\$ 5,113,383</b>	<b>\$ 7,166,208</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 1,990,441	\$ -	\$ 1,990,441
Capital campaign contributions	-	490,000	490,000
In-kind contributions	3,623,576	-	3,623,576
Emergency Services	430,269	302,521	732,790
Seniors' Net	4,581	-	4,581
Net assets released from restrictions	105,460	(105,460)	-
<b>Total revenue and support</b>	<b>6,154,327</b>	<b>687,061</b>	<b>6,841,388</b>
<b>Expenses:</b>			
Program services:			
Emergency Services	4,765,250	-	4,765,250
Seniors' Net	76,085	-	76,085
<b>Total program services</b>	<b>4,841,335</b>	<b>-</b>	<b>4,841,335</b>
Management and general	191,241	-	191,241
Fundraising	337,185	-	337,185
<b>Total expenses</b>	<b>5,369,761</b>	<b>-</b>	<b>5,369,761</b>
<b>Change in net assets</b>	<b>784,566</b>	<b>687,061</b>	<b>1,471,627</b>
<b>Net assets at beginning of year</b>	<b>667,903</b>	<b>141,223</b>	<b>809,126</b>
<b>Net assets at end of year</b>	<b>\$ 1,452,469</b>	<b>\$ 828,284</b>	<b>\$ 2,280,753</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services			Management and General	Fundraising	Total
	Emergency Services	Seniors' Net	Total Program Services			
Assistance	\$ 5,067,041	\$ 10,111	\$ 5,077,152	\$ -	\$ -	\$ 5,077,152
Computer	41,236	1,451	42,687	9,944	-	52,631
Depreciation	56,529	-	56,529	59,508	-	116,037
Insurance	11,453	322	11,775	19,621	-	31,396
Miscellaneous	10,108	-	10,108	23,021	424	33,553
Occupancy	128,020	8,660	136,680	13,723	-	150,403
Office	18,485	421	18,906	20,393	4,499	43,798
Payroll and benefits	601,116	62,824	663,940	207,580	258,332	1,129,852
Professional fees	-	-	-	130,349	-	130,349
Promotions and events	2,017	-	2,017	21,031	28,898	51,946
Staff training	2,703	-	2,703	1,658	-	4,361
Utilities	33,076	1,970	35,046	26,639	-	61,685
<b>Total</b>	<u>\$ 5,971,784</u>	<u>\$ 85,759</u>	<u>\$ 6,057,543</u>	<u>\$ 533,467</u>	<u>\$ 292,153</u>	<u>\$ 6,883,163</u>

See notes to financial statements.



**Network of Community Ministries, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services			Management and General	Fundraising	Total
	Emergency Services	Seniors' Net	Total Program Services			
Assistance	\$ 4,030,103	\$ 6,500	\$ 4,036,603	\$ -	\$ 70	\$ 4,036,673
Computer	36,570	1,450	38,020	7,551	-	45,571
Depreciation	55,754	-	55,754	12,392	-	68,146
Insurance	9,158	245	9,403	5,620	-	15,023
Miscellaneous	2,722	-	2,722	19,471	287	22,480
Occupancy	130,397	7,087	137,484	13,735	-	151,219
Office	18,763	415	19,178	13,550	2,735	35,463
Payroll and benefits	438,046	57,947	495,993	99,329	219,334	814,656
Professional fees	-	-	-	9,688	99,500	109,188
Promotions and events	4,382	-	4,382	2,857	15,259	22,498
Staff training	158	-	158	1,262	-	1,420
Utilities	39,197	2,441	41,638	5,786	-	47,424
<b>Total</b>	<u>\$ 4,765,250</u>	<u>\$ 76,085</u>	<u>\$ 4,841,335</u>	<u>\$ 191,241</u>	<u>\$ 337,185</u>	<u>\$ 5,369,761</u>

See notes to financial statements.

# Network of Community Ministries, Inc.

## Statements of Cash Flows

**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,885,455	\$ 1,471,627
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	116,037	68,146
In-kind donation of capitalized asset	(375,189)	-
Contributions restricted for capital campaign	(4,139,160)	(490,000)
Forgiveness of Paycheck Protection Program Loan	(111,900)	-
Amortization of discount:		
Discount on unconditional promises to give restricted for capital campaign	37,128	48,293
Changes in operating assets and liabilities:		
Grants receivable	(100,796)	(81,959)
Donated inventory	93,109	(69,505)
Prepaid expenses and other	(8,536)	901
Other receivable	(10,418)	-
Accounts payable and accrued expenses	(10,054)	16,795
Accrued compensated absences	9,599	1,127
Refundable advance	123,333	-
<b>Net cash provided by operating activities</b>	<b>508,608</b>	<b>965,425</b>
<b>Cash flows from investing activities-</b>		
Purchases of property and equipment	(1,507,706)	(89,776)
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of long-term debt	-	111,900
Collection of unconditional promises to give for capital campaign	3,003,422	75,500
Draws on line of credit	-	30,000
Payments on line of credit	-	(30,000)
Payments on note payable	(4,927)	-
<b>Net cash provided by financing activities</b>	<b>2,998,495</b>	<b>187,400</b>
<b>Net increase in cash</b>	<b>1,999,397</b>	<b>1,063,049</b>
<b>Cash at beginning of year</b>	<b>1,226,996</b>	<b>163,947</b>
<b>Cash at end of year</b>	<b>\$ 3,226,393</b>	<b>\$ 1,226,996</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest including capitalized interest of \$56,808	\$ 56,808	\$ -
<b>Noncash investing and financing activities:</b>		
Capitalized construction included in accounts payable	\$ 817,687	\$ -
Property and equipment acquired through issuance of debt	\$ 2,550,000	\$ -
In-kind donation of capitalized asset	\$ 375,189	\$ -
<b>Reconciliation of cash and restricted cash reported within the statements of financial position to the statements of cash flows</b>		
Cash	\$ 1,040,703	\$ 1,103,203
Restricted cash - capital campaign	2,185,690	123,793
<b>Total cash and restricted cash shown in the statements of cash flows</b>	<b>\$ 3,226,393</b>	<b>\$ 1,226,996</b>

See notes to financial statements

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 1. Organization

Network of Community Ministries, Inc. (Network) was founded in 1985 and serves 14 zip codes in Dallas County of Richardson Independent School District (RISD). Network's mission is to care, coach and empower its neighbors in need as they seek an improved quality of life. Network is supported by businesses, individuals and a coalition of religious, civic and social organizations and relies upon contributions and grants. All clients must meet eligibility and residence requirements to received services. In addition, residents of the community volunteer in each of our program areas, supervised by a paid volunteer manager.

Network's programming includes Emergency Services (food, clothing, and utilities), Seniors' Net (supplemental food, Senior Day, handyman services, companion calls, information, and referrals), Stabilization Programs (Pathways case management and stability planning, Career Services, Mini-loan program, and Financial Empowerment Classes), Health & Dental Program supported by a voucher distribution for children and adults, After School Art Program, Mobile Food Pantry, as well as seasonal youth programming including Toyland Express and Tools for Schools.

### 2. Significant Accounting Policies

#### ***Basis of Accounting and Financial Statement Presentation***

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

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

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of Network and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Network to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of June 30, 2021 and 2020, no such net asset restrictions existed.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of long-lived assets or assets restricted for acquisition of long-lived assets are released when those assets are placed in service. Network chooses to show contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restriction.

### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, grants receivable and unconditional promises to give. Network places cash, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. Network has not experienced losses on such assets. At June 30, 2021, the Network's uninsured balances totaled \$3,000,128. Network continually evaluates the collectability of grants receivable and unconditional promises to give and maintains allowances for potential losses, if considered necessary.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of the expected future cash flows. An allowance for doubtful pledges is estimated based on management's analysis of historical payment trends, specific known collection risks, write-off trends and current economic conditions and is adjusted for those pledges receivable for which collection is uncertain. No allowance was considered necessary at June 30, 2021 or 2020.

### ***Donated Inventory***

Inventory consists primarily of donated food, clothing, toys and games. Donated inventory is recorded at estimated fair market value. The following summarizes the basis upon which fair market value is estimated:

Donated food	\$1.70 per pound
Clothing	Thrift shop value
Toys and games	Wholesale price

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### ***Property and Equipment***

Network capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives of the assets.

### ***Revenue Recognition***

Network recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances, which totaled \$123,333 at June 30, 2021.

A portion of Network's revenue is derived from reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Network meets the performance requirements for incurred expenditures in compliance with specific contract or grant provisions.

As of June 30, 2021, Network has a conditional grant of approximately \$927,000 from one grantor, of which approximately \$800,000 was unrecognized as revenue in the year ended June 30, 2021. The grant will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

Network receives in-kind services and goods in the normal course of operations. Donated professional services meeting certain requirements (as defined by GAAP) are reported as contributions at the time the service is performed at the estimated fair value of such service. Donated goods are reported as contributions at their estimated fair value at the time of receipt.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### ***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Costs are allocated between program services and support services based on management's judgment considering space used, time spent or direct relation to the program or support service benefitted.

### ***Concentrations***

At June 30, 2021, balances due from two grantors totaled approximately 100% of total grants receivable.

At June 30, 2020, balances due from four grants totaled approximately 94% of total grants receivable.

At June 30, 2021 and 2020, the balance due on total unconditional promises to give from two donors represented approximately 35% and 55%, respectively.

### ***Income Taxes***

Network is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to Network's exempt purpose is subject to tax under IRC Section 511. Network had no unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing Network's tax return and recognition of a tax liability (or asset) if Network has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by Network and has concluded that as of June 30, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

### ***Advertising***

Network expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2021 and 2020 totaled \$22,776 and \$2,171, respectively.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### ***Risks and Economic Outlook***

Network operates in the RISD area of North Texas and, as such, is dependent upon the community's interest in Network's programs and the willingness and ability of donors in the area to continue supporting Network. The ability of Network's donors to continue giving amounts comparable with prior years may be dependent, among other things, upon current and future overall economic conditions.

### ***Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

### ***Reclassification***

Certain items in the 2020 financial statements have been reclassified for comparative purposes to conform with the presentation of the 2021 financial statements.

### ***New Accounting Pronouncements***

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

Network considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on Network's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statements of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statements of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Network will be required to present contributed nonfinancial assets as separate line items in the statement of activities, apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures will be required. The standard takes effect for annual reporting periods beginning after June 15, 2021.

## Network of Community Ministries, Inc.

### Notes to Financial Statements

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Network is currently assessing the impact that adopting this new guidance will have on the financial statements.

#### 3. Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 1,550,238	\$ 414,500
Less discount to net present value	<u>(85,421)</u>	<u>(48,293)</u>
Net unconditional promises to give	<u>\$ 1,464,817</u>	<u>\$ 366,207</u>
Receivable in one year or less	\$ 815,981	\$ 106,733
Receivable between one to five years	648,836	259,474

Promises to give due in more than one year are valued using a discount rate of 3.25%.

#### 4. Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 49,145	\$ 38,990
Building	3,016,363	-
Capital improvements and expansions	642,844	609,592
Construction in progress	2,083,654	-
Website	3,975	3,975
Vehicles	<u>187,449</u>	<u>80,290</u>
	5,983,430	732,847
Less: accumulated depreciation	<u>(508,965)</u>	<u>(392,928)</u>
	<u>\$ 5,474,465</u>	<u>\$ 339,919</u>

Depreciation expense totaled \$116,037 and \$68,146 for the years ended June 30, 2021 and 2020, respectively.



# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 5. Paycheck Protection Program Loan

On April 20, 2020, Network entered into an unsecured loan (PPP Loan) in the aggregate amount of \$111,900 with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the Coronavirus Aid, Relief and Economic Security Act, as amended by the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act). The PPP provides for loans to qualifying businesses, the proceeds of which may only be used for payroll costs, rent, utilities, mortgage interest, and interest on other pre-existing indebtedness. The PPP Loan, and accrued interest, may be forgiven partially or in full, if certain conditions are met. On April 26, 2021, Network received forgiveness of the entire amount of the PPP Loan. The forgiveness of the PPP Loan is included in non-operating revenue in the accompanying statements of activities.

### 6. Line of Credit

Network has a revolving line of credit with a maximum draw of \$500,000 expiring November 2, 2023. As of June 30, 2021 and 2020, no amounts were outstanding under the line of credit.

### 7. Long-Term Debt

On November 24, 2020, Network entered into a note payable with Frost Bank with an interest rate of 3.783%. Principal and interest payments are payable monthly through November 2030. The loan is collateralized by land and a building in Richardson, Texas. The note payable balance as of June 30, 2021 was \$2,545,073.

The note payable established that Network must maintain a debt service coverage ratio, which stipulates that available revenues for each fiscal year must be equal to at least 1 times the annual debt service of Network as of the end of the first fiscal year after the date of issuance and thereafter until the note has been paid in full. As of June 30, 2021, Network was in compliance with the requirements in accordance with the note payable.

Maturities of long-term debt are as follow for the years ending June 30:

2022	\$	63,633
2023		66,083
2024		68,626
2025		71,268
2026		74,011
Thereafter		<u>2,201,452</u>
<b>Total</b>	<b>\$</b>	<b><u>2,545,073</u></b>

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 4,629,160	\$ 490,000
Emergency Food & Shelter Program	33,833	-
Food pantry	66,298	80,000
Mobile food pantry	133,115	103,894
Client utilities	69,478	36,471
Client clothing and supplies	32,902	4,065
Job resource center	35,670	31,066
Clinic	3,369	1,408
Mini loan program	28,421	28,421
Storm assistance	48,000	8,000
Seniors' Net	15,000	-
COVID-19 assistance	-	34,959
Pathways program	18,137	10,000
	<u>\$ 5,113,383</u>	<u>\$ 828,284</u>

### 9. In-Kind Contributions

Network received the following in-kind contributions during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Clothing	\$ 84,657	\$ 716,399
Food	4,401,122	2,836,535
Construction services	263,064	-
School supplies	59,995	28,189
Toys	58,850	42,453
	<u>\$ 4,867,688</u>	<u>\$ 3,623,576</u>

**Network of Community Ministries, Inc.**  
**Notes to Financial Statements**

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**10. Commitments**

Network leases its office and storage facilities under an operating lease expiring December 31, 2021 that is cancellable with 12 months' notice. Rent expense related to this lease totaled \$124,320 for the years ended June 30, 2021 and 2020, respectively. Annual minimum lease payments under this lease agreement for the year ended June 30, 2022 totaled \$41,440. Network provided notice of termination of office lease on October 13, 2020.

During the year ended June 30, 2020, Network signed a contract with a professional fundraiser in conjunction with the start of its capital campaign. Fundraising expenses related to this contract totaled \$98,500 for the year ended June 30, 2021.

**11. Related Party Transactions**

Network has unconditional promises to give from various board members totaling \$340,475 and \$414,500 at June 30, 2021 and 2020, respectively. Network received contributions from members of the board of directors totaling \$211,733 and \$116,416 for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, Network received donated services from a board member relating to the building purchase and construction with a value of \$112,125. This amount was capitalized and included in construction in progress.

**12. Liquidity and Availability of Resources**

The Network's financial assets available within one year of the statement of financial position for general expenditure are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,040,703	\$ 1,103,203
Restricted cash	2,185,690	123,793
Grants receivable	243,755	142,959
Unconditional promises to give restricted for capital campaign, net	<u>1,464,817</u>	<u>366,207</u>
Total financial assets	4,934,965	1,736,162
Less amounts not available for general expenditures within one year:		
Unspent capital campaign funds	<u>3,850,507</u>	<u>490,000</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,084,458</u>	<u>\$ 1,246,162</u>

## **Network of Community Ministries, Inc.**

### **Notes to Financial Statements**

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Network receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

Network strives to maintain liquid financial assets sufficient to cover near-term operating needs, and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be fulfilled. To achieve this, Network forecasts its future cash flows and monitors its liquidity monthly. During the years ended June 30, 2021 and 2020, the level of liquidity was managed within Network's expectations.

During the year ended June 30, 2020, Network began a capital campaign for the purchase and renovations of a new building. As of June 30, 2021, Network had raised approximately \$4,600,000 and has spent approximately \$780,000. Amounts pledged to the capital campaign will be released to net assets without donor restrictions when the new building is placed in service.

### **13. Subsequent Events**

In October 2021, Network completed construction of office space and transitioned its headquarters to Richardson, Texas.

Network entered into a commercial lease agreement with an organization to lease space in their new building. In September 2021, Network entered into a commercial lease agreement with RISD expiring on August 31, 2031, with monthly payments of \$3,495.

Network has evaluated subsequent events through the date which the financial statements were available to be issued and concluded that no additional disclosures are required.