



**Network of Community Ministries, Inc.**

**Financial Statements  
June 30, 2022 and 2021**

# Network of Community Ministries, Inc.

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## **Independent Auditors' Report**

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

### **Opinion**

We have audited the accompanying financial statements of Network of Community Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Network of Community Ministries, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Network of Community Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Network of Community Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Network of Community Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Network of Community Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



A Limited Liability Partnership

Arlington, Texas  
February 28, 2023

**Network of Community Ministries, Inc.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	<b>Assets</b>	
	2022	2021
<b>Current assets:</b>		
Cash	\$ 1,339,728	\$ 1,040,703
Unconditional promises to give, net	308,353	-
Grants receivable	-	43,755
Donated inventory	90,050	246,905
Prepaid expenses and other	16,295	19,379
Other receivable	2,525	10,418
<b>Total current assets</b>	1,756,951	1,361,160
Assets restricted for capital expenditures:		
Cash	-	2,185,690
Unconditional promises to give, net	-	1,464,817
Grants receivable	-	200,000
Property and equipment, net	6,352,916	5,474,464
Unconditional promises to give, net	291,773	-
<b>Total assets</b>	\$ 8,401,640	\$ 10,686,131
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 21,192	\$ 832,947
Accrued compensated absences	78,293	18,570
Refundable advances	470,224	123,333
Current maturities of long-term debt	66,083	63,633
<b>Total current liabilities</b>	635,792	1,038,483
<b>Noncurrent liabilities:</b>		
Long-term debt, net	379,568	2,481,440
<b>Total liabilities</b>	1,015,360	3,519,923
<b>Net assets:</b>		
Without donor restrictions	6,421,308	2,052,825
With donor restrictions	964,972	5,113,383
<b>Total net assets</b>	7,386,280	7,166,208
<b>Total liabilities and net assets</b>	\$ 8,401,640	\$ 10,686,131

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of cash and financial assets	\$ 2,389,529	\$ -	\$ 2,389,529
Contributions of nonfinancial assets	3,493,302	-	3,493,302
Emergency Services	570,616	175,625	746,241
Seniors' Net	2,466	-	2,466
Other revenue	41,379	-	41,379
Net assets released from restrictions	<u>4,324,036</u>	<u>(4,324,036)</u>	<u>-</u>
<b>Total revenue and support</b>	<b>10,821,328</b>	<b>(4,148,411)</b>	<b>6,672,917</b>
<b>Expenses:</b>			
Program services:			
Emergency Services	5,326,020	-	5,326,020
Seniors' Net	<u>147,315</u>	<u>-</u>	<u>147,315</u>
<b>Total program services</b>	<b>5,473,335</b>	<b>-</b>	<b>5,473,335</b>
Management and general	446,247	-	446,247
Fundraising	<u>353,276</u>	<u>-</u>	<u>353,276</u>
<b>Total expenses</b>	<b><u>6,272,858</u></b>	<b><u>-</u></b>	<b><u>6,272,858</u></b>
<b>Change in net assets from operations</b>	<b>4,548,470</b>	<b>(4,148,411)</b>	<b>400,059</b>
<b>Non-operating activity:</b>			
Loss on disposal of fixed assets	<u>(179,987)</u>	<u>-</u>	<u>(179,987)</u>
<b>Change in net assets</b>	<b>4,368,483</b>	<b>(4,148,411)</b>	<b>220,072</b>
<b>Net assets at beginning of year</b>	<b><u>2,052,825</u></b>	<b><u>5,113,383</u></b>	<b><u>7,166,208</u></b>
<b>Net assets at end of year</b>	<b><u>\$ 6,421,308</u></b>	<b><u>\$ 964,972</u></b>	<b><u>\$ 7,386,280</u></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 of cash and financial assets	\$ 1,824,064	\$ 4,139,160	\$ 5,963,224
Contributions of nonfinancial assets	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 Functional Expenses**  
**Year Ended June 30, 2022**

	Program Services			Management and General	Fundraising	Total
	Emergency Services	Seniors' Net	Total Program Services			
Assistance	\$ 3,982,355	\$ 7,969	\$ 3,990,324	\$ -	\$ -	\$ 3,990,324
Computer	43,656	972	44,628	11,193	400	56,221
Depreciation	257,575	-	257,575	27,600	-	285,175
Insurance	25,556	778	26,334	6,855	-	33,189
Miscellaneous	10,222	371	10,593	119,369	980	130,942
Occupancy	85,276	3,092	88,368	8,770	-	97,138
Office	18,828	887	19,715	41,772	3,228	64,715
Payroll and benefits	803,022	129,829	932,851	186,909	321,887	1,441,647
Professional fees	-	-	-	19,909	-	19,909
Promotions and events	95	107	202	9,263	26,781	36,246
Staff training	2,997	-	2,997	1,191	-	4,188
Utilities	96,438	3,310	99,748	13,416	-	113,164
<b>Total</b>	<u>\$ 5,326,020</u>	<u>\$ 147,315</u>	<u>\$ 5,473,335</u>	<u>\$ 446,247</u>	<u>\$ 353,276</u>	<u>\$ 6,272,858</u>

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>	<b>\$ 5,971,784</b>	<b>\$ 85,759</b>	<b>\$ 6,057,543</b>	<b>\$ 533,467</b>	<b>\$ 292,153</b>	<b>\$ 6,883,163</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 220,072	\$ 4,885,455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	285,175	116,037
Loss on disposal of property and equipment	179,987	-
In-kind donation of capitalized asset	-	(375,189)
Contributions restricted for capital campaign	-	(4,139,160)
Forgiveness of Paycheck Protection Program Loan	-	(111,900)
Amortization of discount:		
Discount on unconditional promises to give restricted for capital campaign	(65,438)	37,128
Changes in operating assets and liabilities:		
Grants receivable	243,755	(100,796)
Donated inventory	156,855	93,109
Prepaid expenses and other	3,084	(8,536)
Other receivable	7,893	(10,418)
Accounts payable and accrued expenses	(811,755)	(10,054)
Accrued compensated absences	59,723	9,599
Refundable advances	346,891	123,333
<b>Net cash provided by operating activities</b>	<b>626,242</b>	<b>508,608</b>
<b>Cash flows from investing activities-</b>		
Purchases of property and equipment	(1,343,614)	(1,507,706)
<b>Cash flows from financing activities:</b>		
Collection of unconditional promises to give for capital campaign	930,129	3,003,422
Payments on note payable	(2,099,422)	(4,927)
<b>Net cash provided (used) by financing activities</b>	<b>(1,169,293)</b>	<b>2,998,495</b>
<b>Net increase (decrease) in cash</b>	<b>(1,886,665)</b>	<b>1,999,397</b>
<b>Cash at beginning of year</b>	<b>3,226,393</b>	<b>1,226,996</b>
<b>Cash at end of year</b>	<b>\$ 1,339,728</b>	<b>\$ 3,226,393</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest including capitalized interest of \$0 and \$56,808, respectively	\$ 47,562	\$ 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	\$ 1,339,728	\$ 1,040,703
Restricted cash - capital campaign	-	2,185,690
<b>Total cash and restricted cash shown in the statements of cash flows</b>	<b>\$ 1,339,728</b>	<b>\$ 3,226,393</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 accounting principles generally accepted in the United States of America (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.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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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, 2022 and 2021, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are 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, 2022, the Network's uninsured balances totaled \$902,036. 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. At June 30 2022 and 2021, the discount on unconditional promises to give totaled \$19,983 and \$85,421, respectively.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### ***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

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

Network capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are 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 \$470,224 and \$123,333 at June 30, 2022 and 2021, respectively.

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.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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As of June 30, 2022 and 2021, Network has a conditional grant of approximately \$927,000 from one grantor, of which approximately \$450,000 and \$800,000 was unrecognized as revenue as of June 30, 2022 and 2021, respectively. 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.

### ***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 support 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, 2022 and 2021, the balance due on unconditional promises to give from two donors represented approximately 40% and 35% of total unconditional promises to give, 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, 2022 and 2021. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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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, 2022 and 2021, 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, 2022 and 2021 totaled \$2,820 and \$22,776, respectively.

### ***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 2021 financial statements have been reclassified for comparative purposes to conform with the presentation of the 2022 financial statements.

### ***Accounting Pronouncement Adopted***

Network adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (In-kind contributions) as a separate line item in the statement of activities. Network has adopted this ASU on a retrospective basis as of and for the year ended June 30, 2022.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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Analysis of various provisions of this standard resulted in no significant changes in the way Network recognizes in-kind contributions, and therefore, no changes were required to net assets as of July 1, 2020. The presentation and disclosures of in-kind contributions have been enhanced in accordance with the standard.

### ***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.

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:

	2022	2021
Unconditional promises to give	\$ 620,109	\$ 1,550,238
Less discount to net present value	<u>(19,983)</u>	<u>(85,421)</u>
Net unconditional promises to give	<u>\$ 600,126</u>	<u>\$ 1,464,817</u>
Receivable in one year or less	\$ 308,353	\$ 815,981
Receivable between one to five years	291,773	648,836

Promises to give due in more than one year are valued using a discount rate of 4.75%.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 4. Property and Equipment

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

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 426,219	\$ 49,145
Building	5,677,978	3,016,363
Capital improvements and expansions	305,755	642,844
Construction in progress	26,000	2,083,654
Website	5,914	3,975
Vehicles	<u>293,013</u>	<u>187,449</u>
	6,734,879	5,983,430
Less: accumulated depreciation	<u>(381,963)</u>	<u>(508,965)</u>
	<u>\$ 6,352,916</u>	<u>\$ 5,474,465</u>

Depreciation expense totaled \$285,175 and \$116,037 for the years ended June 30, 2022 and 2021, respectively.

### 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. 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, 2022 and 2021, no amounts were outstanding under the line of credit.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 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, 2022 and 2021 was \$445,651 and \$2,545,073, respectively.

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, 2022, 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:

2023	\$	66,083
2024		68,626
2025		71,268
2026		74,011
2027		76,860
Thereafter		<u>88,803</u>
<b>Total</b>	<b>\$</b>	<b><u><u>445,651</u></u></b>

# Network of Community Ministries, Inc.

## Notes to Financial Statements

### 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:

	2022	2021
Capital campaign	\$ -	\$ 4,629,160
Time-restricted	620,109	-
Art	11,104	-
Emergency Food & Shelter Program	603	33,833
Food pantry	51,618	66,298
Mobile food pantry	54,220	133,115
Client utilities	62,831	69,478
Client clothing and supplies	12,224	32,902
Childcare project	19,629	-
Job resource center	39,885	35,670
Clinic	1,250	3,369
Handyman	858	-
Holiday food	5,000	-
Produce coolers	4,807	-
Mini loan program	42,921	28,421
Storm assistance	14,123	48,000
Seniors' Net	9,533	15,000
Pathways program	14,257	18,137
	\$ 964,972	\$ 5,113,383

### 9. Contributions of Nonfinancial Assets

Network received the following contributions of nonfinancial assets during the year ended June 30, 2022:

	Program Services	Management and General	Fundraising	Total
Food	\$ 2,500,795	\$ -	\$ -	\$ 2,500,795
Clothing	935,882	-	-	935,882
Toys	51,002	-	-	51,002
Miscellaneous	5,623	-	-	5,623
	\$ 3,493,302	\$ -	\$ -	\$ 3,493,302

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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Network received the following contributions of nonfinancial assets during the year ended June 30, 2021:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Food	\$4,401,122	\$ -	\$ -	\$ 4,401,122
Clothing	84,657	-	-	84,657
Toys	118,845	-	-	118,845
Services	263,064	-	-	263,064
	<u>\$4,867,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,867,688</u>

### ***Food***

Contributed foods are reported at the prices of \$1.70 and \$1.62 per pound per the North Texas Food Bank at June 30, 2022 and 2021, respectively.

### ***Clothing***

Contributed clothing is reported at the market value of similar clothing for sale online or clothing values at other charities.

### ***Services***

Contributed services are valued and reported at the standard invoice rate offered by the donor.

### ***Toys***

Contributed toys are reported at the market value of similar toys for sale online or toy values at other charities.

### ***Miscellaneous***

Miscellaneous goods are reported at the market value of similar goods for sale online.

# 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 \$36,260 and \$124,320 for the years ended June 30, 2022 and 2021, respectively. 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 \$152,725 and \$340,475 at June 30, 2022 and 2021, respectively. Network received contributions from members of the board of directors totaling \$40,514 and \$211,733 for the years ended June 30, 2022 and 2021, 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.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 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>2022</u>	<u>2021</u>
Cash	\$ 1,339,728	\$ 1,040,703
Restricted cash	-	2,185,690
Unconditional promises to give, net	308,353	-
Grants receivable	-	243,755
Unconditional promises to give restricted for capital campaign, net	<u>-</u>	<u>1,464,817</u>
Total financial assets	1,648,081	4,934,965
Less amounts not available for general expenditures within one year:		
Unspent capital campaign funds	<u>-</u>	<u>3,850,507</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,648,081</u>	<u>\$ 1,084,458</u>

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, 2022 and 2021, the level of liquidity was managed within Network's expectations.

### 13. Rental Revenue

In October 2021, Network completed construction of office space and transitioned its headquarters to Richardson, Texas. Network entered into a commercial lease agreement with third-party tenants with leases expiring through 2031 and monthly payments of approximately \$5,000.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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Future minimum lease revenues required under these agreements are as follows for the years ending June 30:

2023	\$	68,475
2024		69,844
2025		71,241
2026		68,021
2027		46,158
Thereafter		<u>202,406</u>
<b>Total</b>	<b>\$</b>	<b><u>526,145</u></b>

Rental revenue for the years ended June 30, 2022 and 2021 totaled \$36,454 and \$49,867, respectively.

### 14. Subsequent Events

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.