



**Network of Community Ministries, Inc.**

**Financial Statements  
June 30, 2023 and 2022**

# 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. (Network) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 as of June 30, 2023 and 2022, 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 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.

### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, Network changed its method of accounting for its leases effective July 1, 2022 as required by the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases*. Our opinion is not modified with respect to that matter.

### **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'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'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'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  
October 18, 2023

**Network of Community Ministries, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<b>Assets</b>	
	2023	2022
<b>Current assets:</b>		
Cash	\$ 1,025,156	\$ 1,339,728
Unconditional promises to give, net	202,239	308,353
Investments	573,595	-
Donated inventory	178,478	90,050
Prepaid expenses and other	26,428	16,295
Other receivable	1,090	2,525
<b>Total current assets</b>	2,006,986	1,756,951
Property and equipment, net	6,136,044	6,352,916
Unconditional promises to give, net	105,732	291,773
<b>Total assets</b>	\$ 8,248,762	\$ 8,401,640
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 49,980	\$ 21,192
Accrued payroll and compensated absences	52,003	78,293
Deferred revenue	43,208	-
Refundable advances	347,860	470,224
Current maturities of long-term debt	154,500	66,083
<b>Total current liabilities</b>	647,551	635,792
<b>Noncurrent liabilities:</b>		
Long-term debt, net	29,700	379,568
<b>Total liabilities</b>	677,251	1,015,360
<b>Net assets:</b>		
Without donor restrictions	6,915,180	6,421,308
With donor restrictions	656,331	964,972
<b>Total net assets</b>	7,571,511	7,386,280
<b>Total liabilities and net assets</b>	\$ 8,248,762	\$ 8,401,640

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions and financial assets	\$ 1,959,199	\$ -	\$ 1,959,199
Contributions of nonfinancial assets	5,299,520	-	5,299,520
Emergency Services	693,143	183,869	877,012
Investment income, net	5,162	-	5,162
Seniors' Net	713	2,980	3,693
Rental income	94,207	-	94,207
Other revenue	7,816	-	7,816
Net assets released from restrictions	495,490	(495,490)	-
<b>Total revenue and support</b>	<b>8,555,250</b>	<b>(308,641)</b>	<b>8,246,609</b>
<b>Expenses:</b>			
Program services:			
Emergency Services	7,175,709	-	7,175,709
Seniors' Net	149,810	-	149,810
<b>Total program services</b>	<b>7,325,519</b>	<b>-</b>	<b>7,325,519</b>
Management and general	368,841	-	368,841
Fundraising	367,018	-	367,018
<b>Total expenses</b>	<b>8,061,378</b>	<b>-</b>	<b>8,061,378</b>
<b>Change in net assets</b>	<b>493,872</b>	<b>(308,641)</b>	<b>185,231</b>
<b>Net assets at beginning of year</b>	<b>6,421,308</b>	<b>964,972</b>	<b>7,386,280</b>
<b>Net assets at end of year</b>	<b>\$ 6,915,180</b>	<b>\$ 656,331</b>	<b>\$ 7,571,511</b>

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 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
Rental income	41,379	-	41,379
Net assets released from restrictions	4,324,036	(4,324,036)	-
<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	147,315	-	147,315
<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	353,276	-	353,276
<b>Total expenses</b>	<b>6,272,858</b>	<b>-</b>	<b>6,272,858</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	(179,987)	-	(179,987)
<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>2,052,825</b>	<b>5,113,383</b>	<b>7,166,208</b>
<b>Net assets at end of year</b>	<b>\$ 6,421,308</b>	<b>\$ 964,972</b>	<b>\$ 7,386,280</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

	Program Services			Management and General	Fundraising	Total
	Emergency Services	Seniors' Net	Total Program Services			
Assistance	\$ 5,766,134	\$ 7,376	\$ 5,773,510	\$ -	\$ -	\$ 5,773,510
Computer	70,225	1,024	71,249	20,946	7	92,202
Depreciation	240,192	-	240,192	32,163	-	272,355
Insurance	23,677	585	24,262	1,209	-	25,471
Miscellaneous	19,328	275	19,603	49,321	17,547	86,471
Occupancy	40,321	1,328	41,649	6,128	-	47,777
Office	18,353	221	18,574	69,646	717	88,937
Payroll and benefits	896,297	135,698	1,031,995	147,425	320,179	1,499,599
Professional fees	-	-	-	21,395	-	21,395
Promotions and events	433	80	513	5,383	28,538	34,434
Staff training	2,997	-	2,997	4,881	30	7,908
Utilities	97,752	3,223	100,975	10,344	-	111,319
<b>Total</b>	<b><u>\$ 7,175,709</u></b>	<b><u>\$ 149,810</u></b>	<b><u>\$ 7,325,519</u></b>	<b><u>\$ 368,841</u></b>	<b><u>\$ 367,018</u></b>	<b><u>\$ 8,061,378</u></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>	<b>\$ 5,326,020</b>	<b>\$ 147,315</b>	<b>\$ 5,473,335</b>	<b>\$ 446,247</b>	<b>\$ 353,276</b>	<b>\$ 6,272,858</b>

See notes to financial statements.

**Network of Community Ministries, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 185,231	\$ 220,072
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	272,355	285,175
Realized/unrealized gains on investments	(2,641)	-
Loss on disposal of property and equipment	-	179,987
Change in discount on unconditional promises to give	(11,274)	(65,438)
Changes in operating assets and liabilities:		
Unconditional promises to give	303,429	930,129
Grants receivable	-	243,755
Donated inventory	(88,428)	156,855
Prepaid expenses and other	(10,133)	3,084
Other receivable	1,435	7,893
Accounts payable and accrued expenses	28,788	(811,755)
Accrued payroll and compensated absences	(26,290)	59,723
Deferred revenue	43,208	-
Refundable advances	(122,364)	346,891
<b>Net cash provided by operating activities</b>	<b>573,316</b>	<b>1,556,371</b>
<b>Cash flows from investing activities-</b>		
Purchases of property and equipment	(55,483)	(1,343,614)
Purchase of investments	(572,704)	-
Proceeds from sales of investments	1,750	-
<b>Net cash used by investing activities</b>	<b>(626,437)</b>	<b>(1,343,614)</b>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(261,451)	(2,099,422)
<b>Net decrease in cash</b>	<b>(314,572)</b>	<b>(1,886,665)</b>
<b>Cash at beginning of year</b>	<b>1,339,728</b>	<b>3,226,393</b>
<b>Cash at end of year</b>	<b>\$ 1,025,156</b>	<b>\$ 1,339,728</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ 16,581	\$ 47,562

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, 2023 and 2022, 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, investments 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, 2023, Network's uninsured balances totaled \$534,285. 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, 2023 and 2022, the discount on unconditional promises to give totaled \$8,709 and \$19,983, respectively.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### ***Investments***

Investments in marketable equity securities are recorded at their fair values in the accompanying statements of financial position. Changes in the fair values are reported in the statements of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of investments are included in the statements of activities.

Network's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to Network's financial position and the level of risk inherent in most investments, it is reasonable possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

### ***Donated Inventory***

Inventory consists primarily of donated food, clothing, toys and games. Donated inventory is recorded at estimated fair market value.

### ***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.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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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 \$347,860 and \$470,224 at June 30, 2023 and 2022, 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.

As of June 30, 2023 and 2022, Network has a conditional grant of approximately \$927,000 from one grantor. There was no unrecognized revenue as of June 30, 2023. Approximately \$200,000 was unrecognized as revenue as of June 30, 2022. 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, 2023, the balance due on unconditional promises to give from three donors represented approximately 63% of total unconditional promises to give. At June 30, 2022, the balance due on unconditional promises to give from two donors represents approximately 40% of total unconditional promises to give.

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

## **Notes to Financial Statements**

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### ***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, 2023 and 2022. 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, 2023 and 2022, 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 and Marketing***

Network expenses advertising costs as they are incurred. Advertising and marketing costs for the year ended June 30, 2023 and 2022 totaled \$28,239 and \$24,591, 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.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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

Network adopted ASU No. 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. Network has analyzed their leases and determined that the new lease standard does not have a material effect on the financial statements as a whole.

### **3. Fair Value Measurements**

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets;  |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable;                             |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds are valued at the closing price reported on the active markets on which the individual securities are traded.

Investments consist 100% of two money market mutual funds totaling \$573,595 at June 30, 2023.



# Network of Community Ministries, Inc.

## Notes to Financial Statements

The components of net investment income consists of the following for the year end June 30, 2023:

Interest and dividends	\$ 2,573
Realized/unrealized gains on investments	2,641
Fees	<u>(52)</u>
	<u>\$ 5,162</u>

### 4. Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give	\$ 316,680	\$ 620,109
Less discount to net present value	<u>(8,709)</u>	<u>(19,983)</u>
Net unconditional promises to give	<u>\$ 307,971</u>	<u>\$ 600,126</u>
Receivable in one year or less	\$ 202,239	\$ 308,353
Receivable between one to five years	105,732	291,773

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

### 5. Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 426,219	\$ 426,219
Building and land	5,677,978	5,677,978
Capital improvements and expansions	357,323	305,755
Construction in progress	24,000	26,000
Website	11,829	5,914
Vehicles	<u>293,013</u>	<u>293,013</u>
	6,790,362	6,734,879
Less: accumulated depreciation	<u>(654,318)</u>	<u>(381,963)</u>
	<u>\$ 6,136,044</u>	<u>\$ 6,352,916</u>

Depreciation expense totaled \$272,355 and \$285,175 for the years ended June 30, 2023 and 2022, respectively.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 6. Deferred Revenue

Deferred revenue consists of event revenue. The following table provides information about changes in deferred revenue as of June 30, 2023:

	Fork off Event	Golf Event	Total
Deferred revenue, beginning of year	\$ -	\$ -	\$ -
Increase in deferred revenue due to cash received during the year for subsequent year services	<u>30,514</u>	<u>12,694</u>	<u>43,208</u>
Deferred revenue, end of year	<u>\$ 30,514</u>	<u>\$ 12,694</u>	<u>\$ 43,208</u>

### 7. 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, 2023 and 2022, no amounts were outstanding under the line of credit.

### 8. 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, 2023 and 2022 was \$184,200 and \$445,651, 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, 2023, 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:

2024	\$ 154,500
2025	<u>29,700</u>
<b>Total</b>	<u>\$ 184,200</u>

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 9. 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>2023</u>	<u>2022</u>
Time-restricted	\$ 317,835	\$ 620,109
Art	5,623	11,104
Big Meals for Little Kids	23,035	-
Continuing education	16,962	-
Emergency Food & Shelter Program	50,911	603
Food pantry	65,651	51,618
Mobile food pantry	43,195	54,220
Client utilities	46,806	62,831
Client clothing and supplies	2,732	12,224
Childcare project	11,549	19,629
Job resource center	13,880	39,885
Clinic	-	1,250
Handyman	43	858
Hardships	639	-
Holiday food	2,548	5,000
Rent	12,665	-
Stabilization	32,549	-
Produce coolers	2,611	4,807
Tools for School	935	-
Mini loan program	-	42,921
Storm assistance	-	14,123
Seniors' Net	3,247	9,533
Pathways program	2,915	14,257
	<u>\$ 656,331</u>	<u>\$ 964,972</u>

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 10. Contributions of Nonfinancial Assets

Network received the following contributions of nonfinancial assets during the year ended June 30, 2023:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Food	\$ 3,658,770	\$ -	\$ -	\$ 3,658,770
Clothing	1,576,958	-	-	1,576,958
Toys	63,792	-	-	63,792
	<u>\$ 5,299,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,299,520</u>

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

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

#### **Food**

Contributed foods are reported at the prices of \$1.53 and \$1.70 per pound per the North Texas Food Bank for the years ended June 30, 2023 and 2022, respectively.

#### **Clothing**

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

#### **Toys**

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

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

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***Miscellaneous***

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

**11. Lease commitments**

Network has obligations under non-cancelable operating lease agreements for copier equipment. Future minimum lease payments due under these agreements are as follows for the year ended June 30:

2024	\$	4,830
2025		4,830
2026		4,830
2027		4,830
2028		2,700
Thereafter		<u>758</u>
		<u>\$ 22,778</u>

Rent expense totaled \$3,609 and \$1,859 for the years ended June 30, 2023 and 2022, respectively.

**12. Related Party Transactions**

Network has unconditional promises to give from various board members totaling \$43,325 and \$152,725 at June 30, 2023 and 2022, respectively. Network received contributions from members of the board of directors totaling \$107,979 and \$289,551 for the years ended June 30, 2023 and 2022, respectively.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 13. Liquidity and Availability of Resources

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,025,156	\$ 1,339,728
Unconditional promises to give, net	202,239	308,353
Investments	573,595	-
Other receivables	<u>1,090</u>	<u>-</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,802,080</u>	<u>\$ 1,648,081</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, 2023 and 2022, the level of liquidity was managed within Network's expectations.

# Network of Community Ministries, Inc.

## Notes to Financial Statements

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### 14. 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.

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

2024	\$	69,844
2025		71,241
2026		68,021
2027		46,158
2028		47,081
Thereafter		<u>155,324</u>
<b>Total</b>	<b>\$</b>	<b><u>457,671</u></b>

Rental revenue for the years ended June 30, 2023 and 2022 totaled \$94,207 and \$41,379, respectively.

### 15. Subsequent Events

Management has evaluated subsequent events through, October 18, 2023, the date the financial statements were available to be issued and concluded that no additional disclosures are required.