

Network of Community Ministries, Inc.

**Financial Statements with Supplementary Information
and Compliance Reports
June 30, 2024 and 2023**



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, 2024 and 2023, 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 the Network as of June 30, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements as of and for the year ended June 30, 2023 were not audited in accordance with Government Auditing Standards.

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 the 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance


A Limited Liability Partnership

Arlington, Texas
November 20, 2024

Network of Community Ministries, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	Assets	
	2024	2023
Current assets:		
Cash and cash equivalents	\$ 1,090,169	\$ 1,025,156
Investments	404,251	573,595
Unconditional promises to give	45,814	202,239
Grants receivable	50,000	-
Other receivable	5,085	1,090
Donated inventory	224,202	178,478
Prepaid expenses and other	28,944	26,428
Total current assets	1,848,465	2,006,986
Property and equipment, net	5,980,362	6,136,044
Unconditional promises to give, net	22,623	105,732
Total assets	\$ 7,851,450	\$ 8,248,762
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 44,055	\$ 49,980
Accrued payroll and compensated absences	90,134	52,003
Deferred revenue	50,402	43,208
Refundable advances	37,814	347,860
Current maturities of long-term debt	29,802	154,500
Total current liabilities	252,207	647,551
Noncurrent liabilities:		
Long-term debt, net	-	29,700
Total liabilities	252,207	677,251
Net assets:		
Without donor restrictions	7,089,853	6,915,180
With donor restrictions	509,390	656,331
Total net assets	7,599,243	7,571,511
Total liabilities and net assets	\$ 7,851,450	\$ 8,248,762

See notes to financial statements.

Network of Community Ministries, Inc.
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of financial assets	\$ 1,430,432	\$ -	\$ 1,430,432
Contributions of nonfinancial assets	7,263,673	-	7,263,673
Emergency Services	798,659	254,775	1,053,434
Government grants	562,186	-	562,186
Special events (net of direct costs of \$38,086)	220,800	-	220,800
Investment income, net	75,340	-	75,340
Seniors' Net	6,943	1,653	8,596
Rental income	96,324	-	96,324
Other revenue	21,631	2,000	23,631
Net assets released from restrictions	405,369	(405,369)	-
Total revenue and support	10,881,357	(146,941)	10,734,416
Expenses:			
Program services:			
Emergency Services	9,707,614	-	9,707,614
Mental Health	6,836	-	6,836
Seniors' Net	156,251	-	156,251
Total program services	9,870,701	-	9,870,701
Management and general	448,611	-	448,611
Fundraising	387,372	-	387,372
Total expenses	10,706,684	-	10,706,684
Change in net assets	174,673	(146,941)	27,732
Net assets at beginning of year	6,915,180	656,331	7,571,511
Net assets at end of year	\$ 7,089,853	\$ 509,390	\$ 7,599,243

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
Revenue and support:			
Contributions of financial assets	\$ 1,374,338	\$ -	\$ 1,374,338
Contributions of nonfinancial assets	5,299,520	-	5,299,520
Emergency Services	693,143	183,869	877,012
Government grants	445,000	-	445,000
Special events (net of direct costs of \$25,052)	139,861	-	139,861
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)	-
Total revenue and support	8,555,250	(308,641)	8,246,609
Expenses:			
Program services:			
Emergency Services	7,175,709	-	7,175,709
Seniors' Net	149,810	-	149,810
Total program services	7,325,519	-	7,325,519
Management and general	368,841	-	368,841
Fundraising	367,018	-	367,018
Total expenses	8,061,378	-	8,061,378
Change in net assets	493,872	(308,641)	185,231
Net assets at beginning of year	6,421,308	964,972	7,386,280
Net assets at end of year	\$ 6,915,180	\$ 656,331	\$ 7,571,511

See notes to financial statements.

Network of Community Ministries, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services				Management and General	Fundraising	Total
	Emergency Services	Mental Health	Seniors' Net	Total			
Assistance	\$ 7,928,442	\$ -	\$ 14,342	\$ 7,942,784	\$ 5,325	\$ -	\$ 7,948,109
Bad debt	-	-	-	-	35,230	-	35,230
Computer	61,452	1,811	1,056	64,319	19,656	1,333	85,308
Depreciation	301,093	-	-	301,093	41,058	-	342,151
Insurance	33,962	246	45	34,253	1,132	-	35,385
Miscellaneous	3,323	-	184	3,507	25,889	12,651	42,047
Occupancy	-	-	-	-	4,544	-	4,544
Office	37,099	269	424	37,792	81,240	4,747	123,779
Payroll and benefits	1,223,934	-	137,001	1,360,935	157,668	331,248	1,849,851
Professional fees	-	1,650	-	1,650	36,643	8,501	46,794
Promotions and events	898	-	-	898	30,306	27,462	58,666
Special events	-	-	-	-	-	38,086	38,086
Staff training	21,453	2,860	-	24,313	1,853	1,430	27,596
Utilities	95,958	-	3,199	99,157	8,067	-	107,224
Total expenses by function	9,707,614	6,836	156,251	9,870,701	448,611	425,458	10,744,770
Less costs not included in expenses on the statement of activities							
Direct costs of special events	-	-	-	-	-	(38,086)	(38,086)
Total expenses included in the expense section on the statement of activities	<u>\$ 9,707,614</u>	<u>\$ 6,836</u>	<u>\$ 156,251</u>	<u>\$ 9,870,701</u>	<u>\$ 448,611</u>	<u>\$ 387,372</u>	<u>\$ 10,706,684</u>

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			
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
Special events	-	-	-	-	25,052	25,052
Staff training	2,997	-	2,997	4,881	30	7,908
Utilities	97,752	3,223	100,975	10,344	-	111,319
Total expenses by function	7,175,709	149,810	7,325,519	368,841	392,070	8,086,430
Less costs not included in expenses on the statement of activities						
Direct costs of special events	-	-	-	-	(25,052)	(25,052)
Total expenses included in the expense section on the statement of activities	<u>\$ 7,175,709</u>	<u>\$ 149,810</u>	<u>\$ 7,325,519</u>	<u>\$ 368,841</u>	<u>\$ 367,018</u>	<u>\$ 8,061,378</u>

See notes to financial statements.

Network of Community Ministries, Inc.
Statement of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 27,732	\$ 185,231
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	342,151	272,355
Realized/unrealized gains on investments	(43,614)	(2,641)
Change in discount on unconditional promises to give	(7,562)	(11,274)
Changes in operating assets and liabilities:		
Unconditional promises to give	247,096	303,429
Grants receivable	(50,000)	-
Other receivable	(3,995)	1,435
Donated inventory	(45,724)	(88,428)
Prepaid expenses and other	(2,516)	(10,133)
Accounts payable and accrued expenses	(5,925)	28,788
Accrued payroll and compensated absences	38,131	(26,290)
Deferred revenue	7,194	43,208
Refundable advances	(310,046)	(122,364)
Net cash provided by operating activities	192,922	573,316
Cash flows from investing activities:		
Purchases of property and equipment	(186,469)	(55,483)
Purchase of investments	(345,185)	(572,704)
Proceeds from sales of investments	558,143	1,750
Net cash provided (used) by investing activities	26,489	(626,437)
Cash flows from financing activities:		
Payments on note payable	(154,398)	(261,451)
Net increase (decrease) in cash and cash equivalents	65,013	(314,572)
Cash and cash equivalents at beginning of year	1,025,156	1,339,728
Cash and cash equivalents at end of year	\$ 1,090,169	\$ 1,025,156
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 4,409	\$ 11,990

See notes to financial statements.

Network of Community Ministries, Inc.

Notes to Financial Statements

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). The Network's mission is to care, coach and empower its neighbors in need as they seek an improved quality of life. The 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 receive services. In addition, residents of the community volunteer in each of our program areas, supervised by a paid volunteer manager.

The 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 (case management, stability planning, career services and financial coaching), After School Art Program, Mobile Food Pantry, as well as seasonal youth programming including Toyland Express and Tools for Schools.

The Organization is primarily supported by government grants and contributions from individuals and other organizations.

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 the 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 the 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, 2024 and 2023, no such net asset restrictions existed.

Network of Community Ministries, Inc.

Notes to Financial Statements

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. The 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 and cash equivalents, investments, unconditional promises to give, grants receivable and other receivables. The Network places cash, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. The Network continually evaluates the collectability of all receivables and maintains allowances for potential losses, if considered necessary.

The Network maintains cash balances at several financial institutions located in Texas. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2024, the Network's uninsured balances totaled \$846,679. The Network has not experienced losses on such assets.

At June 30, 2024, the balance due on unconditional promises to give from one donor represented approximately 55% of total unconditional promises to give. At June 30, 2023, the balance due on unconditional promises to give from three donors represents approximately 63% of total unconditional promises to give.

For the year ended June 30, 2024, approximately 18% of total contributions and Emergency Services revenue was received from one donor. For the year ended June 30, 2023, no such concentration existed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

Network of Community Ministries, Inc.

Notes to Financial Statements

Unconditional Promises to Give and Grants Receivable

Unconditional promises to give and grants receivable that are expected to be collected within one year are recorded at net realizable value. Grants receivable are expected to be fully collected within one year. 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. At June 30, 2024 and 2023, the discount on unconditional promises to give totaled \$1,147 and \$8,709, respectively.

An allowance for doubtful pledges is estimated based on management's analysis of historical payment trends, specific known collection risks and current economic conditions and is adjusted for those pledges receivable for which collection is uncertain. At June 30, 2024 and 2023, no allowance for doubtful pledges was considered necessary. However, for the year ended June 30, 2024, the Network incurred bad debt expense totaling \$35,230. No such bad debt expense was incurred for the year ended June 30, 2023.

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.

The 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 the 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.

Inventory

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

Property and Equipment

The 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.

Network of Community Ministries, Inc.

Notes to Financial Statements

Revenue Recognition

The 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. As of June 30, 2024 and 2023, the Network has a conditional grant from one grantor of approximately \$50,000 and \$927,000, respectively. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances, which totaled \$37,814 and \$347,860 as of June 30, 2024 and 2023, respectively.

A portion of the Network's revenue is derived from conditional federal and state 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 the Network meets the performance requirements for incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

The 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.

Special events revenue is recognized when the event occurs. Amounts received in advance of the event are recorded as deferred revenue. At June 30, 2024 and 2023, deferred revenue related to special events totaled \$50,402 and \$43,208, respectively.

Leases are for periods not exceeding one year and are accounted for as operating leases with rental income recognized when earned.

Grants and Contracts

The Network receives grants and contracts from federal and state agencies, as well as private organizations, to be used for specific programs. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in accounts receivable.

Network of Community Ministries, Inc.

Notes to Financial Statements

The Network's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Network.

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.

Income Taxes

The 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 the Network's exempt purpose is subject to tax under IRC Section 511. The Network had no unrelated business income for the years ended June 30, 2024 and 2023. 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 the Network's tax return and recognition of a tax liability (or asset) if the 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 the Network and has concluded that as of June 30, 2024 and 2023, 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

The Network expenses advertising costs as they are incurred. Advertising and marketing costs for the year ended June 30, 2024 and 2023 totaled \$22,349 and \$28,239, respectively.

Risks and Economic Outlook

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

Network of Community Ministries, Inc.

Notes to Financial Statements

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 2023 financial statements have been reclassified to conform to current year classifications, specifically, direct costs of special events on the statement of activities and statement of functional expenses and government grants on the statement of activities.

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 and are valued using Level 1 inputs.

Investments consist 100% of two money market mutual funds totaling \$404,251 and \$573,595 at June 30, 2024 and 2023, respectively.

Network of Community Ministries, Inc.
Notes to Financial Statements

The components of net investment income consists of the following for the years ended June 30:

	2024	2023
Interest and dividends	\$ 31,726	\$ 2,573
Realized/unrealized gains on investments	43,614	2,641
Fees	-	(52)
	\$ 75,340	\$ 5,162

4. Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	2024	2023
Unconditional promises to give	\$ 69,584	\$ 316,680
Less discount to net present value	(1,147)	(8,709)
Net unconditional promises to give	\$ 68,437	\$ 307,971
Receivable in one year or less	\$ 45,814	\$ 202,239
Receivable between one to five years	\$ 22,623	\$ 105,732

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:

	2024	2023
Furniture and equipment	\$ 434,169	\$ 426,219
Building and land	5,677,978	5,677,978
Capital improvements and expansions	433,098	357,323
Construction in progress	24,000	24,000
Website	16,723	11,829
Vehicles	390,863	293,013
	6,976,831	6,790,362
Less: accumulated depreciation	(996,469)	(654,318)
	\$ 5,980,362	\$ 6,136,044

Depreciation expense totaled \$342,151 and \$272,355 for the years ended June 30, 2024 and 2023, respectively.

Network of Community Ministries, Inc.
Notes to Financial Statements

6. Deferred Revenue

Deferred revenue consists of event revenue. The following table provides information about changes in deferred revenue as of and for the year ended June 30, 2024:

	Fork off Event	Golf Event	Continuing Education Event	Total
Deferred revenue, beginning of year	\$ 30,514	\$ 12,694	\$ -	\$ 43,208
Revenue recognized that was included in deferred revenue at the beginning of the year	(30,514)	(12,694)	-	(43,208)
Increase in deferred revenue due to cash received during the year for subsequent year services	31,317	16,286	2,799	50,402
Deferred revenue, end of year	<u>\$ 31,317</u>	<u>\$ 16,286</u>	<u>\$ 2,799</u>	<u>\$ 50,402</u>

The following table provides information about changes in deferred revenue as of and for the year ended 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	30,514	12,694	43,208
Deferred revenue, end of year	<u>\$ 30,514</u>	<u>\$ 12,694</u>	<u>\$ 43,208</u>

7. Lines of Credit

The Network had a revolving line of credit with a maximum draw of \$500,000 that expired November 2, 2023. A new revolving line of credit was then obtained during 2024 with a maximum draw of \$50,000 that bears interest of the prime rate plus .75% (9.25% at June 30, 2024) maturing August 21, 2026. As of June 30, 2024 and 2023, no amounts were outstanding under the lines of credit.

8. Long-Term Debt

On November 24, 2020, the 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, 2024 and 2023 was \$29,802 and \$184,200, respectively.

The note payable established that the 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 the 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, 2024 and 2023, the Network was in compliance with the requirements in accordance with the note payable. Maturities of long-term debt total \$29,802 for the year ending June 30, 2025.

Network of Community Ministries, Inc.

Notes to Financial Statements

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>2024</u>	<u>2023</u>
Time-restricted	\$ 69,584	\$ 316,680
Art	397	5,623
Big Meals for Little Kids	11,625	23,035
Childcare project	5,094	11,549
Client clothing and supplies	-	2,732
Client utilities	32,503	46,806
Clinic	2,000	-
Continuing education	30,045	16,962
Emergency Food & Shelter Program	88,028	50,911
Food pantry	41,510	66,806
Handyman	493	43
Hardships	-	639
Holiday food	-	2,548
Job resource center	-	13,880
Mental Health	102,000	-
Mobile food pantry	67,194	43,195
Other shelter	3,381	-
Pathways program	-	2,915
Produce coolers	-	2,611
Rent	15,121	12,665
Seniors' Net	1,737	3,247
Stabilization	35,972	32,549
Tools for School	2,000	935
Toyland	706	-
	<u>\$ 509,390</u>	<u>\$ 656,331</u>

Network of Community Ministries, Inc.

Notes to Financial Statements

10. Contributions of Nonfinancial Assets

The Network received the following contributions of nonfinancial assets during the year ended June 30, 2024:

	Program Services	Management and General	Fundraising	Total
Food	\$ 5,504,586	\$ -	\$ -	\$ 5,504,586
Clothing	1,730,682	-	-	1,730,682
Toys	28,405	-	-	28,405
	<u>\$ 7,263,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,263,673</u>

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

	Program Services	Management and General	Fundraising	Total
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>

Food

Contributed foods are reported at the prices of \$1.57 and \$1.53 per pound per the North Texas Food Bank for the years ended June 30, 2024 and 2023, 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.

There were no donor restrictions on the contributions of nonfinancial assets received during the years ended June 30, 2024 and 2023.

Network of Community Ministries, Inc.

Notes to Financial Statements

11. Lease Commitments

The 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:

2025	\$	4,830
2026		4,830
2027		4,830
2028		2,700
2029		758
		<u>17,948</u>
	\$	<u>17,948</u>

Rent expense totaled \$3,485 and \$3,609 for the years ended June 30, 2024 and 2023, respectively.

12. Related Party Transactions

The Network has unconditional promises to give from various board members totaling \$43,325 at June 30, 2023. The Network received contributions from members of the board of directors totaling \$66,077 and \$107,979 for the years ended June 30, 2024 and 2023, respectively.

13. Liquidity and Availability of Resources

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,090,169	\$ 1,025,156
Investments	404,251	573,595
Unconditional promises to give, net	45,814	202,239
Grants receivable	50,000	-
Other receivable	5,085	1,090
	<u>1,595,319</u>	<u>1,802,080</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,595,319</u>	<u>\$ 1,802,080</u>

Network of Community Ministries, Inc.

Notes to Financial Statements

The 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.

The 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, the Network forecasts its future cash flows and monitors its liquidity monthly. During the years ended June 30, 2024 and 2023, the level of liquidity was managed within the Network's expectations.

14. Rental Revenue

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

2025	\$	72,398
2026		69,387
2027		46,158
2028		47,081
2029		48,023
Thereafter		<u>107,302</u>
Total	\$	<u>390,349</u>

Rental revenue for the years ended June 30, 2024 and 2023 totaled \$96,324 and \$94,207, respectively.

15. Subsequent Events

Management has evaluated subsequent events through November 20, 2024, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

Network of Community Ministries, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Agency/Cluster/Pass-through/Program Title	Assistance Listing Number	Pass-through entity identifying number	Federal Expenditures
U.S. Department of Agriculture			
Food Distribution Cluster:			
North Texas Food Bank			
Emergency Food Assistance Program - Food Commodities	10.569	N/A	\$ 596,007
Total Food Distribution Cluster			596,007
COVID-19 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	N/A	76,540
COVID-19 The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187	N/A	329,894
Total U.S. Department of Agriculture			1,002,441
U.S. Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,135
Total U.S. Department of the Treasury			3,135
U.S. Department of Homeland Security			
North Texas Food Bank			
Emergency Food and Shelter National Board Program	97.024	N/A	12,202
Total U.S. Department of Homeland Security			12,202
Total Expenditures of Federal Awards			\$ 1,017,778

See notes to schedule of expenditures of federal awards.

Network of Community Ministries, Inc.
Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Network of Community Ministries, Inc. (Network) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Network.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

The Network has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and distributed. At June 30, 2024 and 2023, the Network had food commodities totaling \$191,541 and \$120,566, respectively, in inventory.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Network of Community Ministries, Inc. (a nonprofit organization) (Network), which comprise the statement of financial position as of June 30, 2024, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


A Limited liability Partnership

Arlington, Texas
November 20, 2024

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Network of Community Ministries, Inc.'s (Network) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Network's major federal programs for the year ended June 30, 2024. The Network's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Network complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Network and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Network's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Network's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Network's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Network's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Network's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Network's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
November 20, 2024

Network of Community Ministries, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Program:

Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee? *	No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

* In order to be considered a low-risk auditee, the Organization must meet all criteria of the Uniform Guidance section 200.520 for each of the two previous audit periods. Due to the fact that this is the Organization's first single audit they cannot be qualified as a low-risk auditee.