

**ROCKWALL COUNTY HELPING HANDS, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2017**

**(With Comparative Totals For 2016)**



**ROCKWALL COUNTY HELPING HANDS, INC.  
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**(With Comparative Totals For 2016)**

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### INDEPENDENT AUDITOR'S REPORT

October 22, 2018

To the Board of Directors  
Rockwall County Helping Hands, Inc.

I have audited the accompanying financial statements of Rockwall County Helping Hands, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based upon my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those statements require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rockwall County Helping Hands, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of Rockwall County Helping Hands, Inc., as of and for the year ended December 31, 2016 were audited by other auditors whose report dated November 13, 2017 expressed an unmodified opinion on those statements. In my opinion, the comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

**Mike Ward Accounting & Financial Consulting, PLLC**

Point, Texas

**ROCKWALL COUNTY HELPING HANDS, INC.  
PRINCIPAL OFFICIALS**

**December 31, 2017**

**Board of Directors**

**Jon Bailey, President  
Vicki Alexander, Chairman  
Terri Bedford, Vice Chair-Thrift Store  
David Lensch, MD, Vice Chair Health Center  
Brian Llewellyn, Vice Chair-A&R  
Sheri Starkey Parks, Immediate Past Chairman  
Becky Speight, Treasurer  
Sol Villasana, Secretary**

**Board Members**

**John Adams  
Cathy Bedsole  
Sandra Doyle  
Jack Green  
Maggie Hatfield  
Robert Hawk  
Kathy Howe  
Freddie Jackson  
Kendra Jones  
Gary Spraggins  
Rob Scheele  
Ryan Tompkins  
John Paton, PhD**



## **FINANCIAL STATEMENTS**

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 481,129	\$ 412,754
Accounts receivables	114,658	99,590
Inventory of contributed merchandise for resale	62,700	58,222
Other current assets	7,047	9,718
Total current assets	<u>665,534</u>	<u>580,284</u>
Property and Equipment:		
Land	308,112	308,112
Building and improvements	2,211,740	2,182,959
Vehicles	67,616	67,616
Furniture & Equipment	352,128	328,203
Sub-total Property and Equipment	<u>2,939,596</u>	<u>2,886,890</u>
Less: Accumulated depreciation	<u>(1,473,225)</u>	<u>(1,365,971)</u>
Total Property and Equipment, net	<u>1,466,371</u>	<u>1,520,919</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,131,905</u>	<u>\$ 2,101,203</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 91,278	\$ 85,738
Line of Credit	-	-
Accrued and withheld amounts payable	18,133	19,161
Current portion of notes payable	96,861	92,010
Total current liabilities	<u>206,272</u>	<u>196,909</u>
Long-term liabilities:		
Notes payable	187,959	284,192
Total long-term liabilities	<u>187,959</u>	<u>284,192</u>
<b>TOTAL LIABILITIES</b>	<u>394,231</u>	<u>481,101</u>
<b>NET ASSETS</b>		
Unrestricted	1,737,674	1,620,102
Total net assets	<u>1,737,674</u>	<u>1,620,102</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,131,905</u>	<u>\$ 2,101,203</u>

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

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>	<b>2016</b>
	<b>Unrestricted</b>	<b>Unrestricted</b>
<b>Support and Revenues</b>		
<b>Support</b>		
Contributions and donations (includes in-kind donations)	1,421,502	1,481,538
Special events income	287,512	241,477
Capital Campaign	238,661	230,410
United Way	120,000	122,500
<b>Total Support</b>	<b>2,067,675</b>	<b>2,075,925</b>
<b>Revenue</b>		
Thrift store sales	1,228,075	1,172,848
Less: Cost of thrift store sales	658,682	608,957
Gross margin from thrift store sales	569,393	563,891
Community Clinic	405,729	443,848
Lease and rentals	1,056	1,074
Investment income	514	630
<b>Total Revenue</b>	<b>976,692</b>	<b>1,009,443</b>
<b>Total Support and Revenues</b>	<b>3,044,367</b>	<b>3,085,368</b>
<b>Expenses</b>		
Program services	2,163,501	2,102,268
Supporting Services		
Management and general	473,847	470,353
Fundraising	289,447	267,905
<b>Total Expenses</b>	<b>2,926,795</b>	<b>2,840,526</b>
<b>Increase (decrease) in net financial position from operations</b>	<b>117,572</b>	<b>244,842</b>
<b>Other income (expenses)</b>		
Loss on disposal of asset	-	-
<b>Increase (decrease) in net financial position</b>	<b>117,572</b>	<b>244,842</b>
<b>Net assets - beginning of year</b>	<b>1,620,102</b>	<b>1,375,260</b>
<b>Net assets - end of year</b>	<b>\$ 1,737,674</b>	<b>\$ 1,620,102</b>

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

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	<u>2017</u>			<u>2016</u>	
	<u>Supporting</u>				
	<u>Services</u>				
	<u>Program</u>	<u>Management</u>		<u>Total</u>	<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>		
Personnel Costs	\$ 1,149,094	\$ 319,193	\$ 127,677	\$ 1,595,964	\$ 1,508,803
Professional & Contractual					
Fees	798	39,080	-	39,878	63,902
Insurance	3,595	41,337	-	44,932	44,852
Bad Debt	-	-	-	-	-
Client Assistance	279,502	-	-	279,502	238,490
Operating Expense	85,480	42,740	14,247	142,467	97,351
Auto Expense	8,202	432	-	8,634	10,922
Campaign Expense	-	-	19,411	19,411	14,629
Special Projects	2,638	-	102,875	105,513	96,086
Promotions	10,148	2,495	20,628	33,271	37,171
Contract Labor	123,086	-	-	123,086	139,186
Telephone and Utilities	99,179	7,714	3,306	110,199	149,952
Other	5,741	2,605	1,303	9,649	11,911
<b>Sub-Total</b>	<u>1,767,463</u>	<u>455,596</u>	<u>289,447</u>	<u>2,512,506</u>	<u>2,413,255</u>
Depreciation	89,557	17,697	-	107,254	101,754
Interest Expense	7,361	554	-	7,915	23,763
In-kind Expense	299,120	-	-	299,120	301,754
<b>Total</b>	<u><u>\$ 2,163,501</u></u>	<u><u>\$ 473,847</u></u>	<u><u>\$ 289,447</u></u>	<u><u>\$ 2,926,795</u></u>	<u><u>\$ 2,840,526</u></u>

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

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	<b>2017</b>	<b>2016</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 117,572	\$ 244,839
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	107,254	101,754
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(15,068)	(8,495)
(Increase) decrease in inventory for resale	(4,478)	(19,019)
(Increase) decrease in other current assets	2,671	(2,107)
Increase (decrease) in accounts payable	5,540	36,778
Increase (decrease) in line of credit	-	(80,000)
Increase (decrease) in other payables	(1,028)	(4,467)
Net Cash Provided by Operating Activities	212,463	269,283
<b>Cash Flows from Capital and Financing Activities</b>		
(Increase) decrease in fixed assets	(52,706)	(112,315)
Gain(loss) on disposal/sale of asset	-	-
Principal payments on note proceeds	(91,382)	(58,274)
Net Cash Provided (Used) by Investing Activities	(144,088)	(170,589)
Net Increase(Decrease) in Cash and Cash Equivalents	68,375	98,694
Cash and Cash Equivalents at Beginning of Year	412,754	314,060
Cash and Cash Equivalents at End of Year	\$ 481,129	\$ 412,754
<b>Supplemental Cash Flow Information</b>		
Non-cash contributions received in-kind	\$ 959,609	\$ 936,101
Interest expense	7,915	23,763

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



**ROCKWALL COUNTY HELPING HANDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations***

Rockwall County Helping Hands, Inc. (the Agency) was chartered February 10, 1987, as a charitable not-for-profit corporation under the provisions of the laws of the State of Texas. The purpose of the corporation is to assist the residents of Rockwall County, Texas with basic needs and education resources to improve the quality of their lives and to promote public awareness of these needs with the hope of assistance and cooperation.

The agency operates a Thrift Store in Rockwall, Texas for the sale of contributed used, serviceable items, including clothing, furniture, and household items. Contributed items which are not considered serviceable are forwarded to other charitable organizations. All sale proceeds from the Thrift Store are available for the agency's exempt purposes.

The agency operates a Community Health Clinic that provides services to economically disadvantaged residents of Rockwall County, Texas. A fee for these services is charged based upon fee standards established by the Texas Department of Health. Clients may be required to pay a portion or all of the fees for service.

The agency provides emergency assistance for various basic needs and educational assistance to residents of Rockwall County, Texas. Such assistance includes, but not limited to, financial aid for utilities, shelter, medical needs, clothing, food, and interagency referrals. Eligibility is determined on a case-by-case basis. Applicants for assistance generally must have been a resident of Rockwall County, Texas for a period of at least six months to qualify for assistance.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period. Actual results could differ from those estimates.

***Financial Statement Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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

*Unrestricted net assets* – net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board of Directors.

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Financial Statement Presentation (continued)***

*Temporarily restricted net assets* – donor restricted support that will be met either by action of the Agency and/or the passage of time are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

*Permanently restricted net assets* – net assets subject to donor-imposed stipulations.

Currently the agency has no temporarily or permanently restricted net assets. All the net assets are classified as unrestricted.

The costs of providing the various programs and other activities have been summarized on a functional basis within the statement of activities and detailed within the Statement of Functional Expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The pronouncement will change the asset classification requirements and other information presented within the financial statements and related notes with the goal of improving information to donors, grantors, creditors, and other users of the organization's financial statements. This pronouncement is effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the agency considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

***Property, Equipment and Depreciation***

It is the Agency's policy to capitalize assets with an estimated useful life of greater than three years and cost of \$2,000 or more. Purchased assets are capitalized at cost. Depreciation is accounted for on the straight-line method based on management's estimate of the assets' useful lives. Donations of assets are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire assets are reported as restricted contributions. Absent donor stipulations regarding how long donated assets must be maintained, the agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The agency reclassifies temporarily restricted net assets at that time. There are currently no restricted net assets.

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

***Revenue Recognition***

The agency's primary source of revenue is from donations and fundraising events. Donations and contributions are recognized when received, or in the event of an unconditional pledge, recognized when the commitment has been made to the agency.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***InKind Contributions***

A significant portion of the agency's support is in the form of in-kind or non-cash contributions. In-kind or non-cash contributions consist of clothing, household items for sale by the Thrift Store, food items for the food pantry, and volunteer services. Donated tangible items which are sold through the Thrift Store are valued at an average of 54% of retail value for the year ended December 31, 2017 and 2016. Other contributed items, including food, which are distributed to clients as emergency assistance are recorded as receipts when disbursed. No food items are sold.

***Contributed Services***

A number of volunteers have donated significant time to the Agency's operations. The value of donated volunteer services is recorded as an in-kind donation. Necessary services donated by persons with specialized skills are reported as unrestricted support at the fair value of those services during the period the services are provided.

***Comparative Prior Year Information***

Certain accounts within the prior year financial statements have been reclassified for comparative purposes to conform to the presentation method of the current year financial statements.

**B. CASH**

The carrying amount of the agency's deposits with its financial institutions at December 31, 2017 was \$480,920, and the bank balance was \$515,916. As of December 31, 2017, the agency was over insured by the FDIC. All cash was received without donor-imposed stipulations or such stipulations have been met as of December 31, 2017 or 2016, respectively, and therefore are classified as unrestricted by the Board.

**C. PROPERTY AND EQUIPMENT**

The following is a summary of fixed assets and the related accumulated depreciation as of December 31, 2017:

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

**C. PROPERTY AND EQUIPMENT (continued)**

	December 31, 2016	Additions	Disposals	December 31, 2017
Land	308,112	-	-	308,112
Buildings & Improvements	2,182,959	30,211	-	2,213,170
Vehicles	67,616	-	-	67,616
Furniture & Equipment	328,203	21,565	-	349,768
Total	2,886,890	51,776	-	2,938,666
Less: Accumulated Depreciation	(1,365,971)	(107,254)	-	(1,473,225)
Total	1,520,919	(55,478)	-	1,465,441

The following is a summary of fixed assets and the related accumulated depreciation as of December 31, 2016:

	December 31, 2015	Additions	Disposals	December 31, 2016
Land	308,112	-	-	308,112
Buildings & Improvements	2,108,980	73,979	-	2,182,959
Vehicles	43,063	24,553	-	67,616
Furniture & Equipment	314,420	13,783	-	328,203
Total	2,774,575	112,315	-	2,886,890
Less: Accumulated Depreciation	(1,264,217)	(101,754)	-	(1,365,971)
Total	1,510,358	10,561	-	1,520,919

**D. LONG-TERM DEBT**

On February 23, 2011, the agency executed a note secured by a first mortgage lien on real property owned by the agency in Rockwall, Texas by Independent Bank, formerly Northstar Bank. The original principal balance of the note was \$800,000, payable in monthly payments of \$8,465.75, applied first to interest expense then to principal. The note bears interest at the rate of 4.25% annually and matures in October 2020.

On October 31, 2016, the agency executed a note for the purchase of Chevy Truck. The original principal balance of the note was \$20,000, payable in monthly payments of \$459, applied first to interest expense then to principal. The note bears interest at the rate of 4.25% annually and matures in October 2020.

**ROCKWALL COUNTY HELPING HANDS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	December 31, 2016	Issued	Payments	December 31, 2017	Due in One Year
Independent Bank	357,120	-	(86,744)	270,376	91,873
Chevy Truck	19,082	-	(4,638)	14,444	4,988
	<u>376,202</u>	<u>-</u>	<u>(91,382)</u>	<u>284,820</u>	<u>96,861</u>

Future scheduled maturity of long-term debt is as follows:

	Principal	Interest	Requirements
2018	96,861	10,232	107,094
2019	101,059	6,035	107,094
2020	86,900	1,691	88,591
Totals	<u>284,820</u>	<u>17,958</u>	<u>302,779</u>

**E. SIMPLIFIED EMPLOYEE PLAN**

The agency offers a SEP plan for employees after they have completed one year of service. The employee must earn more than \$400 per year to qualify for the benefit. The SEP plan provides employers with a simplified method to make contributions toward their employees' retirement. Contributions are made directly to an Individual Retirement Account or Annuity ("IRA") set up for each employee. Enrollment for the SEP plan occurs each January for eligible employees.

**F. INCOME TAXES**

The agency is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

**G. INVENTORY**

The Agency considers donated tangible items which are sold through the Thrift Store as inventory. The Agency assigns a value to these items internally based on an estimated retail value.

**H. SUBSEQUENT EVENTS**

The agency has evaluated all events and transactions that occurred after December 31, 2017 up through October 22, 2018, the date the financial statements were available to be issued.