

ROCKWALL COUNTY HELPING HANDS, INC.

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

December 31, 2019

**ROCKWALL COUNTY HELPING HANDS, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
Rockwall County Helping Hands, Inc.
401 W Rusk Street
Rockwall, Texas 75087

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, 2019, 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 standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

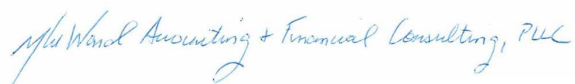
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rockwall County Helping Hands, Inc. as of December 31, 2019, 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mike Ward Accounting & Financial Consulting, PLLC".

Mike Ward Accounting & Financial Consulting, PLLC

Point, Texas

November 11, 2020

FINANCIAL STATEMENTS

**ROCKWALL COUNTY HELPING HANDS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019**

	2019
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 464,786
Accounts receivables	126,323
Inventory of contributed merchandise for resale	97,807
Other current assets	18,646
Total Current Assets	707,562
Property and equipment:	
Land	318,712
Building and improvements	2,289,262
Vehicles	116,301
Furniture & equipment	374,711
Sub-total property and equipment	3,098,986
Less: Accumulated depreciation	(1,672,369)
Total Property and Equipment, net	1,426,617
TOTAL ASSETS	\$ 2,134,179
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 79,161
Accrued and withheld amounts payable	8,484
Current portion of notes payable	93,969
Total Current Liabilities	181,614
Long-term liabilities:	
Notes payable	22,619
Total Long-term Liabilities	22,619
TOTAL LIABILITIES	204,233
NET ASSETS	
Net assets without donor restrictions	1,929,946
Net assets with donor restrictions	-
Total Net Assets	1,929,946
TOTAL LIABILITIES AND NET ASSETS	\$ 2,134,179

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, 2019

	2019
	<u>Unrestricted</u>
Support and Revenues	
Support	
Contributions and donations (includes in-kind donations)	\$ 1,762,132
Special events income	284,820
Capital Campaign	-
United Way	110,000
Total Support	<u>2,156,952</u>
Revenue	
Thrift store sales	1,448,995
Less: Cost of thrift store sales	703,530
Gross margin from thrift store sales	745,465
Community Clinic	379,416
Lease and rentals	-
Investment income	453
Total Revenue	<u>1,125,334</u>
Total Support and Revenues	<u>3,282,286</u>
Expenses	
Program services	2,347,641
Supporting Services	
Management and general	502,627
Fundraising	323,001
Total Expenses	<u>3,173,269</u>
Increase (decrease) in net financial position from operations	109,017
Other income (expenses)	
Insurance proceeds	-
Increase (decrease) in net financial position	109,017
Net assets without donor restrictions - beginning of year	1,820,929
Net assets without donor restrictions - end of year	<u>\$ 1,929,946</u>

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, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs	\$ 1,241,476	\$ 344,854	\$ 137,942	\$ 1,724,272
Professional & Contractual Fees	803	39,367	-	40,170
Insurance	3,768	43,327	-	47,095
Bad Debt	-	-	-	-
Client Assistance	358,118	-	-	358,118
Operating Expense	79,270	39,635	13,212	132,117
Auto Expense	6,297	331	-	6,628
Campaign Expense	-	-	16,041	16,041
Special Projects	3,006	-	117,247	120,253
Promotions	15,762	3,876	32,040	51,678
Contract Labor	162,556	-	-	162,556
Telephone and Utilities	124,995	9,722	4,166	138,883
Other	10,371	4,706	2,353	17,430
Sub-Total	2,006,422	485,818	323,001	2,815,241
Depreciation	83,394	16,479	-	99,873
Interest Expense	4,378	330	-	4,708
In-kind Expense	253,447	-	-	253,447
Total	\$ 2,347,641	\$ 502,627	\$ 323,001	\$ 3,173,269

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, 2019

	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 109,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	99,873
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	5,121
(Increase) decrease in inventory for resale	-
(Increase) decrease in other current assets	(2,856)
Increase (decrease) in accounts payable	(16,496)
Increase (decrease) in other payables	(6,489)
Net Cash Provided by Operating Activities	188,170
 Cash Flows from Capital and Financing Activities	
(Increase) decrease in fixed assets	(73,197)
Principal payments on note proceeds	(86,767)
Net Cash Provided (Used) by Investing Activities	(159,964)
 Net Increase(Decrease) in Cash and Cash Equivalents	 28,206
 Cash and Cash Equivalents at Beginning of Year	 436,580
 Cash and Cash Equivalents at End of Year	 \$ 464,786
 Supplemental Cash Flow Information	
Non-cash contributions received in-kind	\$ 976,289
Interest expense	4,708

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

ROCKWALL COUNTY HELPING HANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 is 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 Statements Presentation

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

Classification of Net Assets

Net assets are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net assets without donor restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or have been met.

ROCKWALL COUNTY HELPING HANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statements Presentation (continued)

Net assets with donor restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met over the passage of time or by actions of the organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable law.

All net assets of the organization at December 31, 2019 were considered to be net assets without donor restrictions.

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.

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.

Liquidity

At December 31, 2019, the Agency has approximately \$592,000 in assets available to meet the needs for general operating expenditures. These assets consist of approximately \$466,000 in cash and cash equivalents, and approximately \$126,000 of accounts receivable. None of these financial assets are subject to donor or contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Agency in the next twelve months.

The Agency manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they

ROCKWALL COUNTY HELPING HANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

become due. In general, the Organization maintains sufficient financial assets on hand to meet 12 months worth of normal operating expenditures.

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.

In-kind 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 in 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, 2019. 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.

B. CASH

The carrying amount of the Agency's deposits with its financial institutions at December 31, 2019 was \$464,786, and the bank balance was \$489,634. As of December 31, 2019, all cash accounts were insured by FDIC coverage. All cash was received without donor-imposed stipulations or such stipulations have been met as of December 31, 2019 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, 2019:

	December 31, 2018	Additions	Disposals	December 31, 2019
Land	318,712	-	-	318,712
Buildings & Improvements	2,217,948	76,218	-	2,294,166
Vehicles	116,301	-	-	116,301
Furniture & Equipment	372,828	8,000	(11,021)	369,807
Total	3,025,789	84,218	(11,021)	3,098,986
Less: Accumulated Depreciation	(1,572,496)	(99,873)	-	(1,672,369)
Total	1,453,293	(15,655)	(11,021)	1,426,617

ROCKWALL COUNTY HELPING HANDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 \$7,816, applied first to interest expense then to principal. The note bears interest at the rate of 4.25% annually and matures in March 2021.

On October 31, 2016, the Agency executed a note for the purchase of a 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 November 2020.

	December 31, 2018	Issued	Payments	December 31, 2019	Due in One Year
Independent Bank	193,715	-	(81,261)	112,454	89,834
Chevy Truck	9,640	-	(5,506)	4,134	4,135
Total	203,355	-	(86,767)	116,588	93,969

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

	Principal	Interest	Requirements
2020	93,969	2,771	96,740
2021	22,620	98	22,718
Totals	116,589	2,869	119,458

E. SIMPLIFIED EMPLOYEE PLAN (SEP)

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, 2019 up through November 11, 2020, the date the financial statements were available to be issued. During this period, management noted no subsequent events requiring disclosure.