
**Northside Inter-Community
Agency, Inc.**

Financial Statements

December 31, 2017 and 2016

Northside Inter-Community Agency, Inc.
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Report of Independent Auditors

The Board of Directors of
Northside Inter-Community Agency, Inc.

We have audited the accompanying financial statements of Northside Inter-Community Agency, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 on the auditor's judgment, including the assessment of the risks 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northside Inter-Community Agency, Inc. as of December 31, 2017 and 2016, 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.

HATTER & ASSOCIATES, LLP
Hatter & Associates, LLP
Fort Worth, Texas
December 13, 2018

Northside Inter-Community Agency, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 81,221	\$ 70,339
Grants receivable	13,601	12,183
Prepaid expense	11,000	9,688
Property and equipment, net	<u>282,530</u>	<u>300,290</u>
	<u>\$ 388,352</u>	<u>\$ 392,500</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 35,377	\$ 22,236
Accrued expenses	<u>2,974</u>	<u>4,020</u>
	38,351	26,256
 Net Assets		
Unrestricted	287,054	320,763
Temporarily restricted	<u>62,947</u>	<u>45,481</u>
	<u>350,001</u>	<u>366,244</u>
	<u>\$ 388,352</u>	<u>\$ 392,500</u>

See accompanying notes to financial statements.

Northside Inter-Community Agency, Inc.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Food, clothing, and other goods	\$ 1,191,746	\$ -	\$ 1,191,746	\$ 1,215,107	\$ -	\$ 1,215,107
Contributions	124,075	5,883	129,958	121,660	-	121,660
Foundation grants	127,577	36,738	164,315	122,073	25,000	147,073
Government grants	40,652	-	40,652	28,459	-	28,459
Special events	88,397	-	88,397	87,583	-	87,583
Other	1,071	-	1,071	537	-	537
Net assets released from restriction	25,155	(25,155)	-	33,258	(33,258)	-
	<u>1,598,673</u>	<u>17,466</u>	<u>1,616,139</u>	<u>1,608,677</u>	<u>(8,258)</u>	<u>1,600,419</u>
Expenses						
Program services:						
Poverty prevention	1,440,556	-	1,440,556	1,470,970	-	1,470,970
Supporting services:						
Management and general	112,180	-	112,180	144,253	-	144,253
Fundraising	79,646	-	79,646	38,862	-	38,862
	<u>191,826</u>	<u>-</u>	<u>191,826</u>	<u>183,115</u>	<u>-</u>	<u>183,115</u>
	<u>1,632,382</u>	<u>-</u>	<u>1,632,382</u>	<u>1,654,085</u>	<u>-</u>	<u>1,654,085</u>
Change in net assets	(33,709)	17,466	(16,243)	(45,408)	(8,258)	(53,666)
Net assets - beginning of year	320,763	45,481	366,244	366,171	53,739	419,910
Net assets - End of Year	<u>\$ 287,054</u>	<u>\$ 62,947</u>	<u>\$ 350,001</u>	<u>\$ 320,763</u>	<u>\$ 45,481</u>	<u>\$ 366,244</u>

See accompanying notes to financial statements.

Northside Inter-Community Agency, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (16,243)	\$ (53,666)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	20,810	20,294
Change in:		
Grants receivable	(1,418)	10,742
Prepaid expense	(1,312)	(1,500)
Accounts payable	13,141	2,984
Accrued expenses	(1,046)	1,722
Net cash provided by (used in) operating activities	<u>13,932</u>	<u>(19,424)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(3,050)</u>	<u>(6,401)</u>
Net cash used in investing activities	<u>(3,050)</u>	<u>(6,401)</u>
Net change in cash	10,882	(25,825)
Cash at beginning of year	<u>70,339</u>	<u>96,164</u>
Cash at End of Year	<u><u>\$ 81,221</u></u>	<u><u>\$ 70,339</u></u>

See accompanying notes to financial statements.

Northside Inter-Community Agency, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Service	Supporting Services			Total Program and Supporting Services
	Poverty Prevention	Management and General	Fundraising	Total Supporting Services	
Salaries and employee benefits	\$ 181,985	\$ 25,750	\$ 35,768	\$ 61,518	\$ 243,503
Payroll taxes and related expenses	12,654	1,790	2,487	4,277	16,931
Total salaries and related expenses	194,639	27,540	38,255	65,795	260,434
Donated food, clothing, and other	1,139,746	-	-	-	1,139,746
Special assistance	43,276	-	-	-	43,276
Occupancy and maintenance	18,134	2,565	3,564	6,129	24,263
Professional fees	17,982	65,040	5,000	70,040	88,022
Supplies	1,433	203	282	485	1,918
Telephone	3,011	426	592	1,018	4,029
Postage and shipping	1,387	196	272	468	1,855
Liability insurance	-	6,847	-	6,847	6,847
Outside printing	-	-	1,371	1,371	1,371
Office equipment maintenance	-	6,400	-	6,400	6,400
Special events	-	-	26,193	26,193	26,193
Office expense	5,395	763	1,060	1,823	7,218
Total expenses before depreciation	1,425,003	109,980	76,589	186,569	1,611,572
Depreciation expense	15,553	2,200	3,057	5,257	20,810
Total functional expenses	\$ 1,440,556	\$ 112,180	\$ 79,646	\$ 191,826	\$ 1,632,382

See accompanying notes to financial statements.

Northside Inter-Community Agency, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Service	Supporting Services			Total Program and Supporting Services
	Poverty Prevention	Management and General	Fundraising	Total Supporting Services	
Salaries and employee benefits	\$ 194,952	\$ 36,630	\$ 7,478	\$ 44,108	\$ 239,060
Payroll taxes and related expenses	16,815	3,160	645	3,805	20,620
Total salaries and related expenses	211,767	39,790	8,123	47,913	259,680
Donated food, clothing, and other	1,162,222	-	-	-	1,162,222
Special assistance	48,707	-	-	-	48,707
Occupancy and maintenance	20,348	3,822	781	4,603	24,951
Professional fees	-	80,945	-	80,945	80,945
Supplies	1,407	264	54	318	1,725
Telephone	2,713	510	104	614	3,327
Postage and shipping	1,967	370	76	446	2,413
Liability insurance	-	7,662	-	7,662	7,662
Outside printing	-	-	4,743	4,743	4,743
Office equipment maintenance	-	6,787	-	6,787	6,787
Special events	-	-	24,143	24,143	24,143
Office expense	5,289	994	203	1,197	6,486
Total expenses before depreciation	1,454,420	141,144	38,227	179,371	1,633,791
Depreciation expense	16,550	3,109	635	3,744	20,294
Total functional expenses	\$ 1,470,970	\$ 144,253	\$ 38,862	\$ 183,115	\$ 1,654,085

See accompanying notes to financial statements.

Northside Inter-Community Agency, Inc.

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

Northside Inter-Community Agency, Inc. (the "Organization") is a Texas nonprofit corporation chartered in 1969 as a fellowship of churches cooperating across denominational lines to provide for the needs of communities in northwest Tarrant County. The Organization provides short-term assistance to individuals and families in the form of food, clothing, and household items for emergency needs; and longer-term assistance, such as: counseling and referrals, youth mentoring, budget counseling and nutrition classes, all to help families and individuals break the cycle of chronic crisis.

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 disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported 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 Organization 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.
- *Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization and/or the passage of time is classified as temporarily restricted. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Contributions received with donor imposed restrictions that are met in the same year as received are reported as unrestricted revenue.
- *Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization are classified as permanently restricted.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

Cash consists of cash on hand and certain highly liquid investments purchased with an initial maturity of three months or less.

Northside Inter-Community Agency, Inc.

Notes to Financial Statements

Receivables

Receivables consist of government grants uncollected at year end. Based on past experience and analysis of receivable collectability, management has determined that no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 40 years. Repair and maintenance costs are charged to expense as incurred. Renewals and betterments that extend the useful lives of property and equipment are capitalized.

Contributions

Contributions and unconditional promises to give are recorded when pledges are made by the respective donors. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed Services

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The Organization recorded contributed services revenue and related expense of \$52,000 during 2017 and \$52,300 during 2016 in support of information technology services and upgrading equipment.

In addition, a number of volunteers have donated significant time to the Organization's operations. The services include: interviewing clients that need assistance, counseling, teaching after-school programs, and maintaining the pantry and clothing room. The value of donated volunteer services is not recorded as a donation since no objective basis is available to measure the value of such services. However, the Organization maintains records of these donated hours from volunteers applicable to the program and supporting services. Volunteers donated 10,528 hours during 2017, and 15,233 hours during 2016.

Donated Food and Clothing

The Organization receives food, hygiene products, and household items from individual donors, churches and other organizations. Management estimates the value of food by the pound, and clothing, holiday gifts, hygiene products, and household items on a per item basis by averaging the value of similar items. The Organization received approximately 432,579 pounds of food, 44,172 units of clothing, and 37,279 units of hygiene products, gifts, and household items with an estimated value of \$1,139,746 during 2017. For the year ended December 31, 2016, the Organization received approximately 491,296 pounds of food, 41,592 units of clothing, and 35,337 units of hygiene products, gifts, and household items with an estimated value of \$1,162,545.

Compensated Absences

Employees of the Organization are entitled to paid vacation depending upon length of service and other factors. The Organization cannot reasonably estimate the amount of compensation for future absences, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

Northside Inter-Community Agency, Inc.
Notes to Financial Statements

Federal Income Taxes

The Organization is a nonprofit corporation as defined in Section 501(c)(3) of the Internal Revenue Code and, accordingly, does not provide for federal income taxes. The Internal Revenue Service has determined the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of FASB ASC 740, Income Taxes, which requires financial statement recognition and disclosure for uncertain tax positions taken or expected to be taken in a tax return. As of December 31, 2017, management determined that the Organization does not have any unrecognized tax benefits or liabilities. With few exceptions, federal income tax returns are no longer subject to examination by tax authorities prior to 2014.

2. Grants Receivable

Unconditional promises to give by grantors are expected to be received during 2018.

3. Property and Equipment

Property and equipment consist of the following for the years ended December 31:

		<u>2017</u>	<u>2016</u>
Building and improvements	10 - 40 years	\$ 528,649	\$ 528,650
Furniture and equipment	3 - 7 years	135,378	132,328
		<u>664,027</u>	<u>660,978</u>
Accumulated depreciation		<u>(381,497)</u>	<u>(360,688)</u>
		<u>\$ 282,530</u>	<u>\$ 300,290</u>
Depreciation expense		\$ 20,810	\$ 20,294

4. Operating Lease

The Organization entered into a non-cancelable operating lease for a copier machine on April 27, 2017 and received \$8,514 to offset future payments on the previous copier that was surrendered. The undisbursed cash of \$7,625 is included in accounts payable and will be used to make the remaining monthly payments on the previous copier. The future minimum rentals under the leases are as follows for the years ending December 31:

2018	\$ 7,977
2019	6,638
2020	3,960
2021	3,960
2022	1,320
	<u>\$ 23,855</u>

Rent expense amounted to \$3,976 during the year ended December 31, 2017, and \$3,932 during the year ended December 31, 2016.

Northside Inter-Community Agency, Inc.
Notes to Financial Statements

5. Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2017	2016
Operations and fundraising	\$ -	\$ 5,000
Mentoring	52,427	35,481
Emergency assistance	10,520	5,000
	<u>\$ 62,947</u>	<u>\$ 45,481</u>

Net assets were released from restriction by incurring expenditures that satisfy donor restrictions for the following purposes during the years ended December 31:

	2017	2016
Operations and fundraising	\$ 5,000	\$ 6,500
Mentoring	16,410	18,098
Emergency assistance	3,745	8,660
	<u>\$ 25,155</u>	<u>\$ 33,258</u>

6. Concentrations

The Organization relies on the Tarrant Area Food Bank, Wal-Mart, and Kroger for much of their donated food. The donated portion of food received from the three major donors amounted to about \$642,000 and \$691,000 for the year ended December 31, 2017 and 2016, respectively. Each of these amounts exceeds five percent of support and is considered individually significant to these financial statements.

7. Subsequent Events

Management has evaluated subsequent events through December 13, 2018 which is the date the financial statements were available to be issued.