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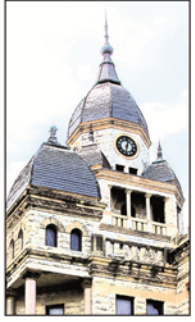
Denton Assistance Center, Inc.
dba Serve Denton

Consolidated Financial Statements
For the Year Ended December 31, 2018
prepared for

Denton Assistance Center, Inc.
Consolidated Financial Statements
For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Denton Assistance Center, Inc.

We have audited the accompanying consolidated financial statements of Denton Assistance Center, Inc. (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Denton Assistance Center, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Anderson, Spector & Company, P.C.

ANDERSON, SPECTOR & COMPANY, P.C.

Denton, Texas
May 24, 2019

Denton Assistance Center, Inc.
Consolidated Statement of Financial Position
December 31, 2018

ASSETS

Current Assets	
Cash	\$ 401,746
Accounts Receivable	5,444
Contributions Receivable	9,000
Prepaid Expenses	15,464
Total Current Assets	431,654
Cash Restricted by Debt Agreements	567,809
Cash Restricted for Capital Projects	3,756,166
Contributions Receivable, Net, Less Current Portion	580,392
Property and Equipment	
Furniture, Fixtures & Equipment	142,804
Buildings and Improvements	3,081,155
Land	1,464,929
	4,688,888
Less: Accumulated Depreciation	(207,942)
Construction in Progress	386,052
Net Property and Equipment	4,866,998
NMTC Notes Receivable	6,467,300
Total Assets	\$ 16,670,319

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts Payable	\$ 112,491
Accrued Expenses	21,167
Current Portion of Notes Payable	24,306
Total Current Liabilities	157,964
NMTC Notes Payable	8,694,530
Notes Payable	3,938,886
Total Liabilities	12,791,380
Net Assets	
Without Donor Restrictions	1,886,066
With Donor Restrictions	1,992,873
Total Net Assets	3,878,939
Total Liabilities & Net Assets	\$ 16,670,319

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

Denton Assistance Center, Inc.
Consolidated Statement of Activities
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Pledges and Contributions	\$ 100,991	\$ 2,557,555	\$ 2,658,546
In-Kind Contributions	90,581	-	90,581
Contributions and Net Revenue - Special Events	155,796	-	155,796
Program Rental Income	75,854	-	75,854
Other	7,212	-	7,212
Interest & Dividends	1,515	-	1,515
Net Assets Released from Restrictions	<u>657,255</u>	<u>(657,255)</u>	<u>-</u>
Total Support and Revenues	1,089,204	1,900,300	2,989,504
Expenses and Losses			
Program Services			
Assistance to Non Profit Organizations	<u>473,092</u>	<u>-</u>	<u>473,092</u>
Total Program Services	473,092	-	473,092
Supporting Services			
General Administration	165,483	-	165,483
Fundraising	<u>91,830</u>	<u>-</u>	<u>91,830</u>
Total Supporting Services	257,313	-	257,313
Loss on Disposal of Equipment	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total Expenses and Losses	<u>742,905</u>	<u>-</u>	<u>742,905</u>
Total Changes in Net Assets	346,299	1,900,300	2,246,599
Net Assets, Beginning of Year	<u>1,539,767</u>	<u>92,573</u>	<u>1,632,340</u>
Net Assets, End of Year	<u>\$ 1,886,066</u>	<u>\$ 1,992,873</u>	<u>\$ 3,878,939</u>

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

Denton Assistance Center, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Total Amount	<i>Program Services</i>		<i>Supporting Services</i>	
		Assistance to Non Profits	General Administration	Fund Raising	
Advertising	\$ 5,777	\$ 578	\$ 578	\$ 4,621	
Bad Debt	26,320	-	26,320	-	
Bank & Merchant Fees	2,551	-	1,276	1,275	
Computer Expenses	10,866	2,717	2,717	5,432	
Depreciation	90,826	81,743	4,541	4,542	
Donations and Grants	2,364	2,364	-	-	
Insurance	23,276	18,621	4,655	-	
Interest Expense	134,649	121,184	6,732	6,733	
Miscellaneous	4,929	-	4,929	-	
Payroll Taxes	18,641	9,879	4,381	4,381	
Postage and Shipping	2,386	-	1,193	1,193	
Professional Fees	25,627	-	25,627	-	
Rent	44,726	40,254	2,236	2,236	
Repairs and Maintenance	35,511	28,409	7,102	-	
Salaries and Benefits	247,162	130,996	58,083	58,083	
Supplies	19,359	9,680	9,679	-	
Training	2,100	-	2,100	-	
Utilities	33,335	26,667	3,334	3,334	
Total Expenses	\$ 730,405	\$ 473,092	\$ 165,483	\$ 91,830	

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

Denton Assistance Center, Inc.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2018

Cash Flows from Operating Activities	
Contributions Received	\$ 247,114
Program Rents Received	70,410
Cash Paid to Suppliers and Employees	(420,656)
Interest Paid	<u>(127,231)</u>
Net Cash Used by Operating Activities	(230,363)
Cash Flows from Investing Activities	
Payments for NMTC Note Receivable	(6,467,300)
Purchases of Property and Equipment	<u>(962,296)</u>
Net Cash Used by Investing Activities	(7,429,596)
Cash Flows from Financing Activities	
Collection of Contributions Restricted for Capital Projects	1,980,714
Debt Issuance Costs	(640,233)
Principal Payments on Notes Payable	(2,782,045)
Proceeds from NMTC Notes Payable	9,310,000
Proceeds from Notes Payable	<u>4,170,000</u>
Net Cash Provided by Financing Activities	<u>12,038,436</u>
Increase in Cash	4,378,477
Cash at Beginning of Year	<u>347,244</u>
Cash at End of Year	<u><u>\$ 4,725,721</u></u>

Supplemental Information:

Noncash Investing and Financing Activities	
Contributed Capitalized Construction Services	\$ 71,534
Contribution In Exchange for Debt Forgiveness	\$ 50,000

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

Denton Assistance Center, Inc.
Consolidated Statement of Cash Flows (Continued)
For the Year Ended December 31, 2018

Reconciliation of Increase in Net Assets to Net Cash Used by Operating Activities:

Increase in Net Assets	\$ 2,246,599
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities	
Loss on Disposal of Equipment	12,500
Depreciation	90,826
Noncash Contributions	(121,534)
Contributions Restricted to Capital Projects	(2,525,955)
Changes in Operating Assets and Liabilities	
Increase in Accounts Receivable	(5,444)
Decrease in Inventory	1,446
Decrease in Prepaid Expenses	46,889
Increase in Accounts Payable	10,361
Increase in Accrued Expenses	<u>13,949</u>
Net Cash Used by Operating Activities	<u>\$ (230,363)</u>

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

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements
December 31, 2018

NOTE 1 - NATURE OF ACTIVITIES

The consolidated financial statements include the accounts of Denton Assistance Center, Inc. (“DAC”) and Serve Denton Center Inc. (“SDC”), collectively, the “Organization”.

DAC was incorporated as a Texas nonprofit corporation in 2001 but had no significant financial activity until 2011. DAC operates using the name Serve Denton. Serve Denton’s mission is to partner with nonprofits to help make their services more accessible for people in need. Serve Denton accomplishes this mission by developing and managing shared spaces and services for other nonprofit organizations at below-market rates. The nonprofit organizations are able to offer health and human services at a central location. The Organization is supported primarily through earned revenue, donor contributions and corporate grants.

Serve Denton Center, Inc. is a corporation formed on April 30, 2018 specifically to act as the borrower for the New Market Tax Credit (NMTC) funding as a Qualified Active Low-Income Community Business (“QALICB”). SDC is organized to operate as a supporting organization for DAC under Section 509 (a)(3) of the Internal Revenue Code. SDC was incorporated in the State of Texas and filed its application for exemption from federal income tax under 501(c)(3) in December 2018 and is awaiting approval.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of 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”).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DAC and SDC. Intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents consist of checking and savings accounts.

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledged Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using a risk adjusted interest rate applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Allowance for Uncollectible Contributions

Management provides for estimated uncollectible amounts through a provision for bad debt expense. Management determines the allowance based on their judgment including such factors as prior collection history, type of contribution, past due amounts and a review of subsequent collections. Balances that are outstanding after management has used reasonable collection efforts are written off.

Income Tax Status

DAC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. SDC has not received a determination letter from the Internal Revenue Service and its application is still pending.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$5,777 for the year ended December 31, 2018.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services 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.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been implemented during 2018 and the financial statement presentation in these consolidated financial statements has been adjusted accordingly.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 401,746
Accounts Receivable	5,444
Prepays	<u>15,464</u>
	\$ <u>422,654</u>

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 3 - LIQUIDITY AND AVAILABILITY (Continued)

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization actively pursues fundraising opportunities and has established a broad base of local businesses and individuals for support. The NMTC debts include restrictive loan covenants which are addressed in Note 8 - Notes Payable. Additionally, included in the cash restricted by debt agreements is \$149,931 in current interest reserves.

NOTE 4 - CASH RECONCILIATION

The following provides a reconciliation of cash and restricted cash reported within the consolidated statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash	\$ 401,746
Cash Restricted by Debt Agreements	567,809
Cash Restricted for Capital Projects	<u>3,756,166</u>
	<u>\$ 4,725,721</u>

NOTE 5 - CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received a) create or enhance long-lived assets, or b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet these criteria are not recognized as revenue. For the year ended December 31, 2018, the value of contributed goods and services meeting the requirement for recognition in the financial statements is as follows:

Contributed Construction Services	\$ 71,534
Operations	<u>19,047</u>
	<u>\$ 90,581</u>

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are estimated to be collected as follows at December 31, 2018:

Contributions receivable in less than one year	\$ 253,299
Contributions receivable in one to five years	388,626
Contributions receivable in more than five years	<u>20,000</u>
	661,925
Less discount to net present value at 6.5%	(47,533)
Less allowance for uncollectible contributions	<u>(25,000)</u>
	<u>\$ 589,392</u>

These pledges are included as collateral in the Loan and Security Agreement dated December 20, 2018 between DAC and Capital Impact Partners for the Bridge Loan and the Source Loan.

NOTE 7 - NEW MARKET TAX CREDIT TRANSACTION

In connection with the Organization’s effort to expand their facilities and services, the Organization obtained financing utilizing the federal New Market Tax Credit Program (“NMTC”). The NMTC transaction closed on December 20, 2018. The NMTC program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a tax credit against federal income taxes over a seven year period for Qualified Equity Investments (“QEIs”) in designated Community Development Entities (“CDEs”). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all of the proceeds to make Qualified Low Income Community Investments (“QLICIs”). To earn the tax credit, the QEI must remain invested in the CDE for a seven year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low Income Community Business (“QALICB”) for the duration of the seven year period and meet the requirements as outlined in Treasury Regulation Section 1.45D 1(d)(4)(i).

In connection with the NMTC transaction, U.S. Bancorp Community Development Corporation (the “NMTC Investor”) made an equity investment in Twain Investment Fund 350, LLC (the “Investment Fund”) of \$3,038,100. DAC borrowed \$795,000 (the “Bridge Loan”) and \$2,875,000 (the “Source Loan”) as well as received significant contributions from other partnering non-profits and a financial institution and loaned \$6,467,300 to the Investment Fund. The Investment Fund then made a Qualified Equity Investment totaling \$9,500,000 in Impact CDE 69, LLC (the “CDE”). The CDE then utilized the QEI to make Qualified Low Income Community Investment loans of \$6,467,300 (the “A Note” and \$2,842,700 (the “B Note”) to SDC.

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 7 - NEW MARKET TAX CREDIT TRANSACTION (Continued)

SDC then used the loan funds for the acquisition of real property and buildings and other improvements by DAC for \$ 4,074,797 as part of a reimbursement agreement. SDC, the QALICB, will lease the real property, building and improvements as a part of the Serve Denton lease agreement with DAC, beginning in March of 2019.

DAC granted to the NMTC investors, the right and option but not the obligation to require DAC to purchase all of the investor's interest in the Investment Fund (the "Put") at the end of the NMTC compliance period for \$1,000 plus additional transfer and closing costs and any additional amounts not previously reimbursed to the investors. In the event that the investor has not exercised the Put, DAC shall have the right and option (the "Call") to purchase all of the investor's interest in the Investment Fund at the greater of fair market value or the Put price. No amounts have been recorded in the accompanying consolidated financial statements related to these put and call options.

NOTE 8 - NOTE RECEIVABLE

In connection with the NMTC transaction, DAC advanced \$6,467,300 to the Investment Fund and was issued a note receivable. The note accrues interest at 1.348%. Payments of interest only are required quarterly through December 2025. Principal in an amount sufficient to amortize the outstanding principal amount over the remaining term of the note on a level payment basis and interest payments are required March 2026 through maturity in December 2048. The note is secured by the first priority security interest in the Investment Fund's equity interest in the CDE.

NOTE 9 - NOTES PAYABLE

In connection with the NMTC transaction, DAC entered into two long-term notes payable, the "Bridge Loan" and "Source Loan". The Bridge Loan is payable to Capital Impact Partners, in the original amount of \$795,000, at an interest rate of 6.50%, with quarterly interest payments only beginning March 2019 and the entire principal balance due on December 2021, secured by all of the assets of the Borrower, DAC. The Source Loan is payable to Capital Impact Partners, in the original amount of \$2,875,000, at an interest rate of 6.25%, with quarterly interest payments only beginning March 2019 and the entire principal balance due on June 2026, secured by all of the assets of the Borrower, DAC.

Additionally, in connection with the NMTC transaction, SDC entered into the Loan and Security Agreement (the "Loan Agreement") with the CDE consisting of total borrowings of \$9,310,000. The commitment is evidenced by two promissory notes, the "QLICI Loan A" and "QLICI Loan B". QLICI Loan A's promissory note is in the amount of \$6,467,300, at an interest rate of 1%, with quarterly interest payments only beginning March 2019 through December 2025. Principal and interest payments commence on March 2026 in the amount of \$68,404 and are paid quarterly through the maturity date of December 2052. QLICI Loan B's promissory note is in the amount of \$2,842,700, at an interest rate of 1%, with quarterly interest payments only beginning March 2019 through December 2025. Principal

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 9 – NOTES PAYABLE (Continued)

and interest payments commence on March 2026 in the amount of \$30,067 and are paid quarterly through the maturity date of December 2052.

The QLICI loans are secured by all of SDC’s assets as well as any additional contracts, leases, rental agreements and additional items as defined in the Loan Agreement. The Loan Agreement contains representations and warranties, and covenants customary for financings of this type including, but not limited to, limitations on additional asset sales, maintenance of reserve bank accounts, leases and financial covenants. The financial covenants require the Organization to maintain the following specific ratios: SDC debt coverage ratio (not less than 1.01:1); DAC lease and required debt coverage ratio (not less than 1.20:1), DAC full lease and debt coverage ratio (not less than 1:1) and DAC days cash on hand of not less than 30 days. The Organization was in compliance with these financial covenants at December 31, 2018.

In connection with the NMTC transaction and the issuance of the QLICI loans, SDC incurred total debt issuance costs of \$615,470. The amortization of the debt issuance costs is included in interest expense and amortized on a straight line basis over 7 years, the expected loan period for the NMTC loans. The total amount included in interest expense for 2018 is \$2,661.

On January 26, 2018, DAC entered into a loan agreement for \$500,000. The note is secured by the Wheeler House building and improvements, carries an initial interest rate of 4.75% , subject to change in February 2021 and every 36 months afterward, to the Prime Rate. Payments begin on March 1, 2018 in equal installments of \$3,909 through February 2021. After that date, the unpaid principal balance and interest are due and payable in equal monthly installments until the maturity date of February 1, 2033.

Future maturities of the above notes payable are as follows:

2019	\$	24,306
2020		25,441
2021		686,175
2022		28,073
2023		29,455
Thereafter		<u>12,529,504</u>
		13,322,954
Less debt issuance costs		<u>(665,232)</u>
	\$	<u><u>12,657,722</u></u>

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 are related to the following:

Serve Denton Center Capital Improvements	\$ 1,961,174
Other	<u>31,699</u>
Net Assets with Donor Restrictions	\$ <u><u>1,992,873</u></u>

NOTE 11 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost if purchased or if donated, at estimated fair market value at the date of gift. The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Depreciation is calculated on the straight-line method over the estimated useful lives of the respective assets. Buildings and improvements are depreciated over 20-40 years and furniture, fixtures and equipment are depreciated over 5-10 years. Total depreciation expense for 2018 was \$90,826.

On August 29, 2017, the Organization purchased a new facility (Serve Denton Center) for \$2,800,000 which includes a 32,500 square foot building and 5 acres of land. During 2018, Phase 1 construction on the new facility was completed and placed into service. Interest costs of \$44,583 were capitalized during 2018 in connection with the Phase 1 facility construction. Phase 2, 3 and 4 are expected to be completed during 2019. All of the Organization's property and equipment serve as collateral for their loan agreements.

NOTE 12 - TENANT LEASES

The Organization offers shared space to various nonprofits through short and long term leases in their facilities at below market rates. The Organization has partnered with two nonprofits that have signed 7-10 year leases and contributed \$1,300,000 during 2018 for improvements to be made to their leased space with their anticipated lease commencement date in the summer of 2019. Future minimum rentals to be received on noncancelable leases for the next five years are as follows:

2019	\$ 116,339
2020	227,878
2021	228,150
2022	228,431
2023	<u>228,719</u>
	\$ <u><u>1,029,517</u></u>

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 13 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the year ended December 31, 2018. Net assets released were as follows:

Program restrictions accomplished:		
Capital Purchases/Construction	\$	647,715
Supplies/Operations		<u>9,540</u>
Net Assets Released From Restrictions	\$	<u><u>657,255</u></u>

NOTE 14 - SPECIAL EVENTS

The Organization conducted various special events during 2018, including the Celebration event.

Celebration Event:

Special Event Revenue	\$	228,638
Cost of Event		<u>107,799</u>
Net Celebration Event Revenue		120,839

Other Special Events:

Special Event Revenue		36,168
Cost of Event		<u>1,211</u>
Net Other Special Events Revenue		<u>34,957</u>

Total Net Special Events Revenue	\$	<u><u>155,796</u></u>
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NOTE 15 - CREDIT RISK FROM CASH IN EXCESS OF INSURED LIMITS

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. As of December 31, 2018, the Organization's uninsured cash balance was \$3,991,386.

NOTE 16 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using estimates of time and effort as well as square footage.

Denton Assistance Center, Inc.
Notes to Consolidated Financial Statements (Continued)
December 31, 2018

NOTE 17 – SUBSEQUENT EVENTS

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through May 24, 2019, the date which the financial statements were available to be issued.