

**Denton Assistance Center, Inc.
Financial Statements**

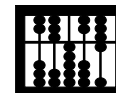
**Year Ended December 31, 2015
(with Summarized Comparative
Information for the Year Ended
December 31, 2014)**

Denton Assistance Center, Inc.
Financial Statements

Year Ended December 31, 2015
(with Summarized Comparative
Information for the Year Ended December 31, 2014)

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Independent Auditor's Report

Board of Directors
Denton Assistance Center, Inc.
Denton, Texas

I have audited the accompanying financial statements of Denton Assistance Center, Inc. , which comprise the statement of financial position as of December 31, 2015 and 2014 , and the related statements of activities, functional expenses and cash flows 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 the 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 on 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 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, 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 assets, liabilities and net assets of Denton Assistance Center, Inc. as of December 31, 2015 and 2014, its support and revenues collected and expenses paid during the year then ended in accordance with accounting principles generally accepted in the United States of America.

Steven C Butler

Flower Mound, Texas
August 2, 2016

**DENTON ASSISTANCE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	ASSETS	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	109,867	\$ 72,808
Contributions receivable	2,855	8,975
Inventory	2,493	6,457
Promised use of facilities	5,421,592	5,732,342
Prepaid expenses and other current assets	1,063	-
TOTAL CURRENT ASSETS	<u>5,537,870</u>	<u>5,820,582</u>
PROPERTY AND EQUIPMENT		
Office equipment	93,932	76,447
Other equipment	36,466	-
Leasehold improvements	455,270	391,864
Software	9,259	7,000
	<u>594,927</u>	<u>475,311</u>
Less: accumulated depreciation and amortization	<u>(54,407)</u>	<u>(15,423)</u>
NET PROPERTY AND EQUIPMENT	<u>540,520</u>	<u>459,888</u>
TOTAL ASSETS	<u>\$ 6,078,390</u>	<u>\$ 6,280,470</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 763	\$ 13,570
Credit card payable	4,481	-
Accrued salaries payable	12,444	4,942
Deferred Revenue	-	8,400
Payroll taxes payable	927	1,333
TOTAL CURRENT LIABILITIES	<u>18,615</u>	<u>28,245</u>
NET ASSETS		
Unrestricted	606,843	492,711
Temporarily restricted	5,452,932	5,759,514
Permanently restricted	-	-
TOTAL NET ASSETS	<u>6,059,775</u>	<u>6,252,225</u>
TOTAL LIABILITIES NET ASSETS	<u>\$ 6,078,390</u>	<u>\$ 6,280,470</u>

See independent auditor's report and notes to financial statements

DENTON ASSISTANCE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014 Total
	Unrestricted	Temporarily restricted	Total	
REVENUES, GAINS AND OTHER SUPPORT				
Support from the public:				
Pledges and contributions, net	69,171	\$ 64,965	\$ 134,136	\$ 154,067
In-kind contributions	49,570	38,397	87,967	214,630
Contributed facilities	-	65,251	65,251	65,251
Net gift card revenue	1,370	-	1,370	2,501
Sales	274	-	274	863
Cost of sales	(120)	-	(120)	(328)
Contributions and net revenue - special events	<u>199,472</u>	<u>-</u>	<u>199,472</u>	<u>52,095</u>
Total public support	<u>319,737</u>	<u>168,613</u>	<u>488,350</u>	<u>489,079</u>
Revenue:				
Investment income	384	-	384	358
Program rental income	<u>13,425</u>	<u>-</u>	<u>13,425</u>	<u>1,360</u>
Total revenue	<u>13,809</u>	<u>-</u>	<u>13,809</u>	<u>1,718</u>
Total revenue, gains and other support	333,546	168,613	502,159	490,797
NET ASSET RELEASED FROM RESTRICTIONS				
Satisfaction of usage restrictions	<u>475,195</u>	<u>(475,195)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>808,741</u>	<u>(306,582)</u>	<u>502,159</u>	<u>490,797</u>
EXPENSES				
Program services:				
Assistance to non-profit organizations	<u>368,679</u>	<u>-</u>	<u>368,679</u>	<u>304,421</u>
Total program services	<u>368,679</u>	<u>-</u>	<u>368,679</u>	<u>304,421</u>
Supporting services:				
Management and general	248,033	-	248,033	242,381
Fundraising	<u>77,897</u>	<u>-</u>	<u>77,897</u>	<u>78,224</u>
Total supporting services	<u>325,930</u>	<u>-</u>	<u>325,930</u>	<u>320,605</u>
Total program and supporting services expenses	<u>694,609</u>	<u>-</u>	<u>694,609</u>	<u>625,026</u>
CHANGE IN NET ASSETS	114,132	(306,582)	(192,450)	(134,229)
NET ASSETS, beginning of year	<u>492,711</u>	<u>5,759,514</u>	<u>6,252,225</u>	<u>6,386,454</u>
NET ASSETS, end of year	<u>\$ 606,843</u>	<u>\$ 5,452,932</u>	<u>\$ 6,059,775</u>	<u>\$ 6,252,225</u>

See independent auditor's report and notes to financial statements

**DENTON ASSISTANCE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (192,450)	\$ (134,229)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	38,984	14,925
Accounts receivable	6,120	(2,725)
Inventory	3,964	1,075
Prepaid expenses and other current assets	(1,063)	2,950
Common stock contributed	-	(5,676)
Asset contributed	-	(94,843)
Cash from sale of asset	-	94,843
Net contributions in kind	(171,621)	(189,520)
Increase (decrease) in liabilities:		
Accounts payable	(21,207)	19,648
Credit card payables	4,481	-
Accrued salaries payable	7,502	(5,474)
Non-cash salaries expense	48,000	44,783
Non-cash rent expense	376,000	376,000
Payroll Taxes payable	(406)	(811)
CASH PROVIDED BY OPERATING ACTIVITIES	<u>98,304</u>	<u>120,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	<u>(61,245)</u>	<u>(347,896)</u>
CASH USED FOR INVESTING ACTIVITIES	<u>(61,245)</u>	<u>(347,896)</u>
NET INCREASE (DECREASE) IN CASH	37,059	(226,950)
CASH AT BEGINNING OF YEAR	<u>72,808</u>	<u>299,758</u>
CASH AT END OF YEAR	<u>\$ 109,867</u>	<u>\$ 72,808</u>

See independent auditor's report and notes to financial statements.

DENTON ASSISTANCE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015				2014 Total
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 72,684	\$ 47,162	\$ 56,551	\$ 176,397	\$ 156,145
Payroll taxes	5,541	2,771	4,282	12,594	10,739
Advertising	-	-	12,300	12,300	8,814
Bank fees	141	1,864	-	2,005	947
Computer expenses	2,244	1,081	1,667	4,992	3,348
Insurance	2,912	1,017	-	3,929	900
Supplies	7,669	3,746	-	11,415	10,920
Occupancy	249,931	140,586	-	390,517	383,432
Telephone	883	5,302	-	6,185	5,808
Training	-	2,465	-	2,465	728
Rental and maintenance of equipment	223	-	-	223	466
Printing and publications	621	1,503	2,822	4,946	3,740
Postage and shipping	-	576	-	576	567
Conference and meetings	-	3,208	-	3,208	3,219
Travel	-	1,999	-	1,999	2,788
Professional fees	-	17,076	-	17,076	15,726
Depreciation and amortization	24,950	14,034	-	38,984	14,925
Office expenses	880	3,643	275	4,798	2,110
	<u>\$ 368,679</u>	<u>\$ 248,033</u>	<u>\$ 77,897</u>	<u>\$ 694,609</u>	<u>\$ 625,322</u>

See independent auditor's report and notes to financial statements

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

Denton Assistance Center, Inc. ("the Organization") is a community-based not-for-profit organization that exists to help other not-for-profit organizations fulfill their missions and advance the common good of Denton County through co-location, collaboration, and communication. Denton Assistance Center, Inc. operates using the name Serve Denton. The organization was incorporated as a Texas not-for-profit corporation in 2001, but had no significant financial activity until 2011.

Mission and Services

Serve Denton's mission is to provide one central location that offers help to those in need. Serve Denton plans to provide office space to other not-for-profit organizations for rent of \$1 per year. This will allow services to be provided by multiple organizations at a central location.

Serve Denton is working toward opening a 36,000 square foot facility for the aforementioned purpose.

Serve Denton is also working to complete renovations to a building that will serve as a clinic and a shelter for families in need.

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").

Net Asset Classifications

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.
- Temporarily restricted net assets contain donor-imposed restrictions that require the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.
- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Organization to use, or expend, part or all of the income derived from the donated assets for either specified or unspecified purposes.

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Denton Assistance Center, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

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.

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 free interest rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Management provides for estimated uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for uncollectible pledges based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a credit to the applicable contribution receivable. Management considers all outstanding pledges to be fully collectible.

Inventory

Inventory consists of promotional items and gift cards valued at the lower of average cost or market.

Estimates

The preparation of financial statements in conformity with GAAP 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 the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. Restricted gifts of cash and other assets whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted revenues.

Denton Assistance Center, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$12,300 and \$8,814 for the years ended December 31, 2015 and December 31, 2014, respectively.

Tax Status

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, as an organization other than a private foundation. Therefore, no provision for income taxes is made in the accompanying financial statements.

The Organization follows the guidance under FASB ASC Topic No. 740, Income Taxes, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain in tax positions taken or expected to be taken in income tax returns. Management believes that it has not taken a tax position that, if challenged, would have a material effect on the Organization's financial statements. The Organization files Form 990 in the United States federal jurisdiction within the United States and as of December 31, 2015, the Organization's tax returns related to the years ended December 31, 2012 through 2014 remain open to possible examination by the Internal Revenue Service; however no tax returns are currently under examination.

Contributed Goods and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated service 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, 2015, the value of contributed goods and services meeting the requirement for recognition in the financial statements was as follows:

Salaries and benefits	\$ 48,662
Equipment & Leasehold	32,140
Operations	39,305
Special Events	<u>52,176</u>
	\$ <u>172,283</u>

Donated salaries and benefits are provided by Denton Bible Church which pays salary and benefits for the Executive Director of the Organization. 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.

Property and Equipment

Property and equipment are stated at cost or donated fair market value. Expenditures for improvements, property, and equipment are capitalized. All maintenance and repair costs are expensed. Upon retirement or sale of capitalized assets, the cost and related

Denton Assistance Center, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

depreciation and amortization are removed from the accounts and gain or loss is reflected in the increase or decrease of net assets for the period.

Depreciation and amortization are provided on the straight-line method of depreciation designed to extinguish the cost of the estimated service lives, as follows:

Assets	Estimated Service Life
Leasehold Improvements	Life of lease
Office Furniture & Equipment	5 - 10 Years

Depreciation and amortization totaled \$37,203 and \$14,925 for the years ended December 31, 2015 and December 31, 2014, respectively. Assets in the amount of \$119,455 were acquired in the year ending December 31, 2015.

Comparative Prior Year Information

The statements of activities and changes in net assets and functional expenses for the year ended December 31, 2015 include certain summarized financial information in total but not by net asset class or program category for purposes of comparison to 2014 information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Note 2 - Functional Allocation of Expenses

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

Note 3 - Contributed Facilities

On October 24, 2013, the organization negotiated two twenty year leases of real estate with Denton Bible Church. Under the terms of the leases, the organization pays rent of \$1 per year for twenty years. The leases expire in 2033. In consideration of the favorable lease terms, the organization has agreed to numerous provisions and covenants with the Denton Bible Church which include restrictions on sub-leases. The organization recognized as revenue and a contribution receivable the difference between the fair rental value of the property and the stated amount of the lease payment at the date of contribution. A contribution receivable has been recorded as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Contribution receivable	\$ 6,585,253	\$ 6,961,253
Less: discount to present value	(1,163,661)	(1,228,911)
Net contribution receivable	\$ <u>5,421,592</u>	\$ <u>5,732,342</u>

Denton Assistance Center, Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Amount to be expensed in subsequent period \$ 310,750

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Wheeler House	\$ -	\$ 11,990
Assistance & Events Center	5,452,932	5,741,919
Other	<u>-</u>	<u>5,605</u>
	\$ <u>5,452,932</u>	\$ <u>21,172</u>

Note 5 - Special Events

The organization conducted several special events during 2015 and 2014, including the Celebration event and a golf tournament.

	<u>2015</u>	<u>2014</u>
Celebration event:		
Contributions	\$ 175,439	\$ 84,882
Special event revenue	48,528	27,640
Cost of event	<u>(76,227)</u>	<u>(62,012)</u>
Net	<u>147,740</u>	<u>50,510</u>
Golf tournament:		
Revenue	40,864	-
Cost of event	<u>(9,948)</u>	<u>-</u>
Net	<u>30,916</u>	<u>-</u>
Other special events:		
Revenue	39,064	1,585
Cost of event	<u>(18,248)</u>	<u>-</u>
Net	<u>20,816</u>	<u>1,585</u>
Total net special event revenue	\$ <u>199,472</u>	\$ <u>52,095</u>

Note 6 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 2, 2016, the date which the financial statements were available to be issued.