

**FORT BEND COUNTY
WOMEN'S CENTER, INCORPORATED
AND FBWC RIO BEND**

CONSOLIDATED FINANCIAL STATEMENTS

**For the Year Ended December 31, 2019
With Comparative Totals for 2018**

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
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Independent Auditors' Report

To the Board of Directors of
Fort Bend County Women's Center, Incorporated and FBWC Rio Bend
Fort Bend County, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fort Bend County Women's Center, Incorporated and FBWC Rio Bend (collectively, the "Organization), as of December 31, 2019, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

To the Board of Directors of
Fort Bend County Women's Center, Incorporated and FBWC Rio Bend

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 the Organization as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Fort Bend County Women's Center's 2018 financial statements, and our report dated June 20, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, in a separately bound report, our report dated May 8, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of consolidating statement of financial position as of December 31, 2019 and consolidating statement of activities and changes in net assets for the year ended December 31, 2019 on pages 22 and 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Whitley Penn LLP

Houston, Texas
May 8, 2020

BASIC FINANCIAL STATEMENTS

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 336,558	\$ 99,452
Receivables - grants and other	339,670	545,656
Inventory	278,576	283,774
Prepaid expenses	161,599	175,841
Restricted cash	1,945	3,273
Property and equipment (net of depreciation)	9,646,014	8,760,836
Other assets	22,011	-
Total assets	<u><u>\$ 10,786,373</u></u>	<u><u>\$ 9,868,832</u></u>
 Liabilities		
Accounts payable	\$ 160,608	\$ 100,420
Accrued expenses	105,070	137,886
Line-of-Credit	-	175,000
Notes payable	817,545	899,952
Deferred revenues	76,935	89,312
Total liabilities	<u><u>1,160,158</u></u>	<u><u>1,402,570</u></u>
 Net Assets		
Without donor restrictions:		
Fixed assets, net of related debt	8,828,469	7,860,884
Undesignated net assets for operations	475,985	531,345
Total without donor restrictions	<u>9,304,454</u>	<u>8,392,229</u>
With donor restrictions	<u>321,761</u>	<u>74,033</u>
Total net assets	<u><u>9,626,215</u></u>	<u><u>8,466,262</u></u>
 Total liabilities and net assets	<u><u>\$ 10,786,373</u></u>	<u><u>\$ 9,868,832</u></u>

See notes to the financial statements.

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATED STATEMENTS OF ACTIVITIES

For The Year Ended December 31, 2019

With comparative amounts for the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Revenues and other support				
Donations	\$ 1,948,200	\$ 558,949	\$ 2,507,149	\$ 5,083,002
United Way	196,398	-	196,398	213,119
State and other grants	336,601	-	336,601	342,585
Federal financial assistance	3,740,074	-	3,740,074	3,341,026
In-kind donations	81,389	-	81,389	68,488
Fundraisers	466,818	-	466,818	468,667
Less: cost of direct benefit to donors	(114,915)	-	(114,915)	(131,205)
Contributions of merchandise for resale	3,269,447	-	3,269,447	3,245,002
Resale Centers revenue	3,276,307	-	3,276,307	3,209,259
Less value of contributed merchandise sold	(3,274,645)	-	(3,274,645)	(3,207,387)
Interest	3,135	-	3,135	1,691
Other	174,392	-	174,392	52,432
Total revenue and other support	10,103,201	558,949	10,662,150	12,686,679
Net assets released from restrictions	311,221	(311,221)	-	-
Total revenue, other support and net assets released from restrictions	10,414,422	247,728	10,662,150	12,686,679
Expenses				
Program services:				
Shelter	2,080,085	-	2,080,085	1,935,442
Future housing	-	-	-	29,190
Aftercare	3,150,133	-	3,150,133	2,683,030
FBWC Rio Bend housing	96,468	-	96,468	-
Resale Centers	3,337,621	-	3,337,621	3,105,115
Supporting services:				
General and administrative	505,356	-	505,356	356,382
Fundraising	332,534	-	332,534	226,874
Total expenses	9,502,197	-	9,502,197	8,336,033
Change in net assets	912,225	247,728	1,159,953	4,350,646
Net assets, beginning of year	8,392,229	74,033	8,466,262	4,115,616
Net assets, end of year	\$ 9,304,454	\$ 321,761	\$ 9,626,215	\$ 8,466,262

See notes to the financial statements.

**FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

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For the Year Ended December 31, 2019

With comparative amounts for the year ended December 31, 2018

Expense	Fort Bend County Women's Center, Inc. Program Services			
	Shelter	Aftercare	Total Program Services	Resale Centers
Compensation and related expenses:				
Compensation	\$ 1,155,659	\$ 1,159,149	\$ 2,314,808	\$ 1,520,609
Payroll taxes	101,294	95,804	197,098	114,781
Health insurance/worker's compensation	205,515	177,792	383,307	253,272
Total compensation and related expenses	1,462,468	1,432,745	2,895,213	1,888,662
Auto expense	12,385	6,530	18,915	64,510
Communication	31,353	16,063	47,416	32,834
Conferences, training and travel	8,277	27,178	35,455	15,656
Equipment purchases	21,446	14,808	36,254	23,224
Fundraising	600	476	1,076	65
Insurance:				
General liability	7,472	10,476	17,948	10,915
Officers and directors	1,165	1,841	3,006	1,305
Property	11,221	12,288	23,509	19,163
Other	274	247	521	164
Interest expense	2,020	2,330	4,350	33,486
Lease expense	4,595	30,896	35,491	692,035
Maintenance and repairs	65,962	16,042	82,004	80,427
Membership and club dues	18,638	553	19,191	395
Miscellaneous	3,338	1,160	4,498	44,020
Office and operating supplies	2,666	6,345	9,011	42,133
Postage and shipping	664	1,445	2,109	3,750
Printing and reproduction	1,709	2,222	3,931	19,341
Professional fees	172,550	182,729	355,279	78,292
Program expenses	108,435	1,346,679	1,455,114	34,876
Utilities	44,374	22,859	67,233	128,687
Total expenses before depreciation	1,981,612	3,135,912	5,117,524	3,213,940
Depreciation	98,473	14,221	112,694	123,681
Total expenses	\$ 2,080,085	\$ 3,150,133	\$ 5,230,218	\$ 3,337,621
Expenses as a percent of total revenue and support	20.2%	30.6%	50.8%	32.4%

See notes to the financial statements.

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

With comparative amounts for the year ended December 31, 2018

Expense	Fort Bend County Women's Center, Inc. Supporting Services			FBWC Rio Bend	Grand Total 12/31/19	Grand Total 12/31/18
	General and Administrative	Fundraising	Total Supporting Services	Program Services		
Compensation and related expenses:						
Compensation	\$ 360,879	\$ 235,110	\$ 595,989	\$ 29,721	\$ 4,461,127	\$ 4,280,209
Payroll taxes	25,879	17,195	43,074	2,357	357,310	335,847
Health insurance/worker's compensation	64,113	19,682	83,795	2,334	722,708	525,791
Total compensation and related expenses	450,871	271,987	722,858	34,412	5,541,145	5,141,847
Auto expense	-	-	-	379	83,804	72,445
Communication	3,135	4,100	7,235	200	87,685	71,653
Conferences, training and travel	3,464	4,629	8,093	1,047	60,251	53,133
Equipment purchases	5,253	4,072	9,325	1,250	70,053	83,674
Fundraising	12	20,871	20,883	-	22,024	8,816
Insurance:						
General liability	-	-	-	-	28,863	24,550
Officers and directors	232	290	522	-	4,833	4,658
Property	361	225	586	-	43,258	35,261
Other	29	39	68	-	753	751
Interest expense	3,709	2,773	6,482	-	44,318	76,627
Lease expense	1,380	1,438	2,818	-	730,344	720,448
Maintenance and repairs	3,772	2,409	6,181	10,078	178,690	116,612
Membership and club dues	1,325	277	1,602	-	21,188	3,904
Miscellaneous	3,668	4,095	7,763	-	56,281	58,921
Office and operating supplies	1,635	2,312	3,947	-	55,091	38,035
Postage and shipping	75	134	209	-	6,068	2,272
Printing and reproduction	497	765	1,262	2,280	26,814	23,586
Professional fees	10,025	10,426	20,451	13,712	467,734	265,404
Program expenses	13,535	207	13,742	282	1,504,014	1,104,695
Utilities	2,378	1,485	3,863	16,663	216,446	175,530
Total expenses before depreciation	505,356	332,534	837,890	80,303	9,249,657	8,082,822
Depreciation	-	-	-	16,165	252,540	253,211
Total expenses	\$ 505,356	\$ 332,534	\$ 837,890	\$ 96,468	\$ 9,502,197	\$ 8,336,033
Expenses as a percent of total revenue and support	4.9%	3.2%	8.1%	27.0%	89.1%	65.7%

See notes to the financial statements.

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash provided (used) by operating activities		
Increase (decrease) in net assets	\$ 1,159,953	\$ 4,350,646
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	268,705	253,211
Changes in net assets and liabilities:		
Decrease (increase) in thrift store inventory	5,198	(37,615)
Decrease (increase) in receivables	205,986	(118,423)
Decrease (increase) in prepaid expenses	14,242	(82,879)
Decrease (increase) in other assets	(22,011)	380
Increase (decrease) in accounts payable and accrued expenses	27,372	37,065
Increase (decrease) in deferred revenues	(12,377)	88,150
Net cash provided (used) by operating activities	<u>1,647,068</u>	<u>4,490,535</u>
Cash flows used by investing activities:		
Net acquisitions of property and equipment	<u>(1,153,883)</u>	<u>(4,353,307)</u>
Net cash used by investing activities	<u>(1,153,883)</u>	<u>(4,353,307)</u>
Cash flows used by financing activities		
Proceeds (payments) from (for) line-of-credit	(175,000)	(235,000)
Proceeds (payments) from (for) notes payable	<u>(82,407)</u>	<u>(78,856)</u>
Net cash used by financing activities	<u>(257,407)</u>	<u>(313,856)</u>
Net increase (decrease) in cash and cash equivalents	235,778	(176,628)
Cash and cash equivalents, beginning of year	<u>102,725</u>	<u>279,353</u>
Cash and cash equivalents, end of year	<u>\$ 338,503</u>	<u>\$ 102,725</u>
Cash and cash equivalents at year-end		
Cash and cash equivalents, unrestricted	\$ 336,558	\$ 99,452
Cash and cash equivalents, restricted	1,945	3,273
Total	<u>\$ 338,503</u>	<u>\$ 102,725</u>
Interest paid during the year	<u>\$ 44,318</u>	<u>\$ 76,627</u>

See notes to the financial statements.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Nature of Activities

Fort Bend County Women’s Center, Incorporated (the “Center”) is a Texas nonprofit corporation without capital stock, incorporated under the Texas Non-Profit Corporation Act in 1980. The Center serves the needs of survivors of domestic violence and sexual assault and their children by providing emergency shelter, crisis intervention, counseling, support services and educational outreach.

The Center is supported primarily through donor contributions, federal and state grants, United Way and the PennyWise Resale Centers (“Resale Centers”). The Resale Centers provide additional revenues and support for the core operations of the Center.

FBWC Rio Bend is a 501(c)(2) non-profit corporation organized to be operated exclusively to further the mission of Fort Bend County Women’s Center, Inc., and especially to hold title to the Rio Bend property for that purpose.

B. Summary of Significant Accounting Policies

Basis of Presentation and Accounting

In accordance with generally accepted accounting principles, the financial statements have been prepared on the accrual basis and, accordingly, reflect all significant receivables, payables and other liabilities.

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 addressed 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. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retroactively to all periods presented, but no changes to the net asset classifications were necessary.

The Organization’s financial statements are prepared in accordance with ASU 2016-14 *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, the Organization has reported its net assets with and without donor restrictions.

The consolidated financial statements include the accounts of the Fort Bend County Women's Center Inc. and FBWC Rio Bend, a legally separate 501 (c) (2). In accordance with FASB ASC 958-810-25-3, the control and economic interest criteria were met and as such consolidation was required.

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in without donor restrictions net assets if the restrictions expire in the year in which the contributions are received. All other donor restricted contributions are reported as increases in the with donor restrictions net assets category, depending on the nature of the restrictions. When a restriction expires, with donor restrictions net assets is reclassified to without donor restrictions net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers petty cash, cash in checking accounts, savings accounts and money market accounts to be cash equivalents. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying amount reported in the statement of financial position approximates fair value because of the short maturities of those instruments. The Organization maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Investments

The Organization follows the provisions of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-320 and FASB ASC 958-325, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. This statement requires investments with readily determinable fair values to be stated at fair value with unrealized gains and losses from fluctuations in market value included in the statement of activities and changes in net assets. The Organization did not have any investments outstanding as of December 31, 2019 or as of December 31, 2018 that required reporting on the fair value.

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurements

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Receivables

Receivables include those from grants, pledges and contributions. Receivables at December 31, 2019, are due within the year. Additionally, the Organization believes that all such receivables are collectible and, therefore, an allowance for uncollectible accounts is not considered necessary.

Inventory

The majority of inventory, which consists of various donated items such as clothing, household goods, furniture, computers, and toys, are held for sale at the Resale Centers and/or given to the Organization’s clients for their use. The Organization receives this inventory from donors as contributed items for its resale stores to sell to the public. Since there is no cost to the Organization, inventory is stated at fair market value determined by the estimated price at which the item can be sold on the date of the donation. Contribution revenue is recognized when the donated items are received and the inventory recorded. When the donated items are sold, the sales revenues are recorded and the fair value of the inventory sold is recorded as value of contributed merchandise sold. Changes in year-end inventory amounts are recorded as additional sales revenue or cost of goods sold, as appropriate.

Property and Equipment

It is the Organization’s policy to capitalize property and equipment over \$3,500 and with a useful life of more than one year. Purchases of lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted contributions, 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 property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Buildings	31.5 years
Building improvements	31.5 years
Vehicles	5 years
Furniture and equipment	5 years

Compensated Absences

During the year, employees of the Organization are entitled to paid time off, depending on job classification, length of service, and other factors. The Organization does allow for a carry-forward of up to a maximum of 80 hours after year-end. The policy further states that if terminated for misconduct, an employee will not be compensated for paid time off that has been carried forward from previous years or accrued in the current year.

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

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. These net assets have been allocated between fixed assets which are not available for operations, the board designated amounts for future needs, and the remainder which is undesignated for operations.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

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

Estimates

The presentation of financial statements, in conformity with 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.

Contributed Services

During the year ended December 31, 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. 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.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the Organization’s programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Included in the functional expenses are the costs incurred for the Resale Centers. Net proceeds from the Resale Centers help to fund program expenses and, therefore, Resale Center expenses are not considered administrative costs.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is made in the financial statements. Additionally, contributions made to the Organization qualify for the charitable contribution deduction under the provisions of the Internal Revenue Code. The Organization is not a private foundation under provisions of the Internal Revenue Code. The Organization has no unrelated business activity that would require it to file a 990T and pay income taxes. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Fair Value of Financial Instruments

The carrying value of cash, receivables and payables approximates fair value due to the short maturity of these instruments.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

C. Cash and Cash Equivalents

At December 31, 2019 and 2018, cash and cash equivalents consisted of the following:

	<u>2019</u>	<u>2018</u>
Petty cash	\$ 5,273	\$ 5,451
Checking accounts	107,503	76,637
Money market account	222,685	17,608
Schwab money market account	3,042	3,029
	<u>\$ 338,503</u>	<u>\$ 102,725</u>

Cash and cash equivalents are reported in the statement of financial position as follows:

	<u>2019</u>	<u>2018</u>
Restricted cash	\$ 1,945	\$ 3,273
Unrestricted cash	336,558	99,452
Total Cash	<u>\$ 338,503</u>	<u>\$ 102,725</u>

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

D. Receivables - Grants and others

The Organization’s receivables consist of amounts due primarily from granting agencies. On occasion, the Organization’s other receivables from normal operations may consist of donor-executed pledges. At December 31, 2019, the Organization had \$269,493 in grants receivable and \$70,177 in pledges and other receivables. At December 31, 2018, the Organization had \$466,416 in grants receivable and \$79,240 in pledges and other receivables. The carrying amount reported in the statement of financial position approximates fair value because of the short-term nature of the receivables.

E. Property and Equipment

Property and equipment consist of the following:

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>December 31, 2019</u>
Non-depreciable:				
Land	\$ 570,846	\$ -	\$ (54,500)	\$ 516,346
Construction in Progress	79,102	1,188,280	-	1,267,382
Depreciable:				
Building and improvements	9,689,038	-	(227,037)	9,462,001
Vehicles	176,187	43,714	(8,216)	211,685
Furniture and fixtures	627,645	25,996	-	653,641
	<u>11,142,818</u>	<u>1,257,990</u>	<u>(289,753)</u>	<u>12,111,055</u>
Accumulated depreciation	<u>(2,381,982)</u>	<u>(252,540)</u>	<u>169,481</u>	<u>(2,465,041)</u>
	<u>\$ 8,760,836</u>	<u>\$ 1,005,450</u>	<u>\$ (120,272)</u>	<u>\$ 9,646,014</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$252,540 and \$253,211, respectively.

F. Line-of-Credit

On May 26, 2019, the Organization renewed the revolving line of credit agreement with Cadence Bank to provide short-term financing, as needed. This line of credit was increased from \$750,000 to \$1,000,000, and is secured by real estate of the Organization and carries a variable interest rate of prime plus 1%, not to exceed the maximum rate allowed by law. As of December 31, 2019, the interest rate was 6.5%. Interest is due monthly and is calculated on a 365/360 basis. As of December 31, 2019, the Organization paid off its outstanding balance and had \$1,000,000 available on the line of credit. The Organization paid \$4,969 in interest related to the line of credit for the year ended December 31, 2019. The line of credit has a \$0 balance as of December 31, 2019.

G. Notes Payable-Building

On May 6, 2013, the Organization entered into a construction loan agreement with Cadence Bank for \$1,900,000 on the construction of the PennyWise store and administrative offices of the Organization. Amounts were drawn on the construction loan as needed and as of December 31, 2013, the Organization had drawn \$315,000. The interest rate on the loan was 4.5% on the outstanding balance and payable monthly. In 2014, the construction of the PennyWise Store and administrative offices were completed and the construction loan was converted to a long-term mortgage loan secured by the building and property; the original amount of the loan was \$1,900,000. The outstanding balance on the construction loan as of December 31, 2019 and 2018 was \$817,545 and \$899,952, respectively, and has an interest rate of 4.5 percent, payable with monthly payments of \$10,145 including interest. The loan matures on May 6, 2023 at which time the balance on the loan is due. For the year ended December 31, 2019 and 2018, the Organization paid \$39,339 and \$45,914 in interest on the loan, respectively.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

G. Notes Payable-Building (continued)

The future payments on the outstanding notes payable on the building at December 31, are as follows:

	Principal	Interest	Total
2020	\$ 64,255	\$ 57,490	\$ 121,745
2021	67,414	54,331	121,745
2022	70,555	51,190	121,745
2023	615,321	20,226	635,547
	<u>\$ 817,545</u>	<u>\$ 183,237</u>	<u>\$ 1,000,782</u>

H. Compensated Absences

The Organization has \$71,851 and \$97,736 in accrued compensated absences payable for the years ended December 31, 2019 and 2018, respectively.

I. Deferred Revenue

Rental payments made and reimbursed by the grantor applicable to January 2020 are considered deferred revenue. As of December 31, 2019, a total of \$76,935 was recorded as deferred revenue. The balance as of December 31, 2018 was \$89,312 was related to rental payments.

J. Lease Agreements

On September 4, 2013, the Organization executed a six-year and two-month lease for the use of commercial property for its Resale Center operation in Stafford; on September 1, 2015 this lease was extended through November 30, 2020, with minimum monthly payments of \$15,054 from January 2019 through December 2019.

On October 21, 2013, the Organization extended the term of the lease of commercial property for its Resale Center operations in Mission Bend ending on June 23, 2017 this lease was extended through December 31, 2022. For the year ended December 31, 2019, lease payments were \$10,781 per month.

On February 1, 2016, the Organization signed a shopping center lease agreement for a donation center with a five-year term ending January 31, 2021, with variable minimum monthly rent payments through December 31, 2019. For the year ended December 31, 2019, lease payments were \$3,659 per month.

In June 2016, the Organization signed a shopping center lease agreement for a donation center through May 2019. In January 2019, the lease extended through May 31, 2024 and with variable minimum monthly rent payments through December 31, 2019. Lease payments from January 2019 through May 2019 were \$2,596. Lease payments from June 2019 through December 2019 were \$2,660.

On July 26, 2017, the Organization executed a five-year lease for the use of commercial property for its Resale Center operation in Katy, ending October 31, 2021, with variable minimum monthly rent payments through November 30, 2020; for the year ended December 31, 2019, lease payments were \$24,933 per month.

United Way has also donated a portion of its office space to the Organization for client counseling and case management. The operating base value associated with leasing this office space in 2019 was \$3,772. This value is reported in the financial statements as in-kind revenue and as lease expense.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

J. Lease Agreements (continued)

Future annual payments for operating leases is as follows:

<u>December 31,</u>	<u>Amount</u>
2020	\$ 693,801
2021	683,667
2022	618,080
2023	214,516
2024	194,843
2025	165,594
	<u>\$ 2,570,501</u>

The operating lease expense for 2019 and 2018 totaled \$719,662 and \$710,369, respectively.

K. Net Assets Without Donor Restrictions

Net assets without donor restrictions include resources available for the Organization to serve the needs of survivors of domestic violence and sexual assault and their children by providing emergency shelter, crisis intervention, counseling, support services and educational outreach. The net assets without donor restrictions at December 31, 2019 and 2018, were \$9,304,454 and \$8,392,229, respectively. Included in the net assets without donor restrictions are the facilities and equipment used by the Organization which are not available for operations. The without donor restrictions, undesignated (available for operations) net assets category totaled \$475,985 and \$531,345 for the years ending December 31, 2019 and 2018, respectively.

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

L. Net Assets With Donor Restrictions

Net assets with donor restrictions include grants for specific projects managed by the Organization, such as contributions restricted by donors for specific purposes and unconditional contributions received for fundraising events. The net assets with donor restrictions at December 31, 2019 and 2018, were \$321,761 and \$74,033, respectively. The amounts that make up the net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Anonymous Donor	\$ 90	\$ 13,549
Cinco Rach Ladies Club	-	10
EFSP	-	4,847
Exchange Club of SL	484	-
FB Forward	2,000	-
FBJSL	7,605	6,350
FM Squared	2,500	-
Glasser, D K	150	150
Greater Houston Community Foundation	-	131
Holiday Fund	1,289	1,289
IMO Garland Mueller	2,251	2,251
Kendra Scott LLC	472	-
Lowe's	-	24,570
Macy's	-	3,000
Missouri City Police Department	607	2,029
Moratto, Debbie	500	-
Mueller, Erna	465	165
PCCA	590	-
SW Health Technology	1,318	5,979
TJ Maxx	634	-
TCFV	-	5,500
UW CDBG	-	3,612
Fondren Foundation - FBWC Rio Bend	300,000	-
Other	806	601
Total Net Assets With Donor Restrictions	<u>\$ 321,761</u>	<u>\$ 74,033</u>

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

M. Resale Centers

The net revenue (revenue and contributions less cost of merchandise sold and value of contributed merchandise sold) from the operations of the Resale Centers are as follows:

	<u>2019</u>	<u>2018</u>
Resale Centers Revenue		
Sales of Donated Merchandise	\$ 3,276,307	\$ 3,209,259
Total Resale Centers Revenue	<u>3,276,307</u>	<u>3,209,259</u>
Contributions of Donated Merchandise Received	<u>3,269,447</u>	<u>3,245,002</u>
Total Resale Centers Revenue and Contributions	<u>6,545,754</u>	<u>6,454,261</u>
Cost of Sales and Value of Merchandise Sold		
Less: Value of Contributed Merchandise Sold	<u>(3,274,645)</u>	<u>(3,207,387)</u>
Total Cost of Sales and Value of Merchandise Sold	<u>(3,274,645)</u>	<u>(3,207,387)</u>
Net Revenue from Resale Centers	3,271,109	3,246,874
Cost of operations-Resale Centers	<u>3,213,940</u>	<u>2,979,951</u>
Income from Resale Centers before depreciation	57,169	266,923
Depreciation	<u>123,681</u>	<u>125,164</u>
Income (Loss) from Resale Centers	<u>\$ (66,512)</u>	<u>\$ 141,759</u>
Income generated before depreciation and merchandise adjustments is as follows:		
Sales generated at resale centers before merchandise adjustments	<u>\$ 3,276,307</u>	<u>\$ 3,209,259</u>
Total Resale Centers Revenue	<u>3,276,307</u>	<u>3,209,259</u>
Cost of operations - Resale Centers before depreciation	<u>3,213,940</u>	<u>2,979,951</u>
Income from resale centers before inventory adjustments and depreciation	<u>\$ 62,367</u>	<u>\$ 229,308</u>

N. Transfers Out/In To/From Affiliated Organization

The following transactions occurred in 2019 as a result of transfers from the Center to FBWC Rio Bend:

	<u>Center</u>	<u>FBWC Rio Bend</u>
Transfer of the buildings	\$ (4,042,863)	\$ 4,042,863
Profit and loss activity	<u>(1,000,230)</u>	<u>1,000,230</u>
	<u>\$ (5,043,093)</u>	<u>\$ 5,043,093</u>

O. Contributed Services

The Organization received more than 38,701 volunteer hours in 2019, and 42,266 hours in 2018.

P. Defined Contribution Plan

The Organization offers its full-time employees a 403(b) annuity plan for purposes of saving for their retirement. The plan is funded through employee contributions. Effective January 1, 2015, the Organization has re-implemented the employer matching portion of 403(b) contributions. The plan’s match contribution formula is discretionary. The Organization will match 50% of the employee’s contributions up to 1% of the employee’s salary. The vesting period is on a six-year grading scale as follows:

- 2 years – 20%
- 3 years – 40%
- 4 years – 60%
- 5 years – 80%
- 6 years – 100%

FORT BEND COUNTY WOMEN’S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Q. Contingencies

The Organization, because of its activities, is subject to various claims and litigations. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of the Organization. The Organization’s risk management policy is to maintain adequate insurance through commercial carriers for the various liability exposures.

R. Concentrations of Credit Risk

For the year ended December 31, 2019 and 2018, the Organization received approximately 40% and 30%, respectively, of its support from federal and state grant programs. Since these are federal and state programs subject to change, it is possible that these programs could cease, which would cause a severe impact on the Organization and its ability to continue operations. The Organization does not expect, in any way, that the support from these grant programs will be lost in the near term.

The Organization has financial instruments which potentially subject the Organization to concentration of credit risk consisting principally of cash deposited at banks and money market accounts. Accounts at each institution in which cash is deposited are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization places its cash with various financial institutions in the area to limit the amount of credit exposure to any one financial institution. The Organization has a policy to perform an analysis at least annually for any banks in which they have, or anticipate having in the foreseeable future, funds on deposit which may be greater than the amount of the FDIC insurance. The Organization’s Schwab accounts are insured by Securities Investor Protection Corporation up to \$500,000.

S. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require an allocation on a reasonable basis that is consistently applied. A percentage of general and administrative expenses are allocated to the respective programs based on the percentage of general and administrative hours charged to the Organization’s programs.

T. 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 of cash and cash equivalents and receivables for grants and others. The balances as of December 31, 2019 and 2018 are shown below.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 332,582	\$ 99,452
Receivables - grants and other	339,670	545,656
	<u>\$ 672,252</u>	<u>\$ 645,108</u>

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

U. Subsequent Events

Management has evaluated subsequent events through May 8, 2020, the date on which the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national and the global economies. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. During the COVID-19 crisis, the Organization continued to serve survivors of domestic violence and sexual assault and their children, both in the emergency shelter and in our non-shelter programs. Most non-shelter services were conducted remotely, but we continued to accomplish our mission, with the health and safety of our staff and clients as a top priority. Due to government orders regarding COVID-19, Fort Bend Women's Center PennyWise stores had to be closed from March 23 to May 1. We are still assessing the financial losses caused by that closure. Fort Bend Women's Center also applied for and received the forgivable Paycheck Protection Program loan and plans to use those funds only for forgivable purposes, so we believe at this time that the financial damage is mostly mitigated. Therefore, while we expect this matter to have an impact in our operations, the impact to our results of operations and financial position cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019
With comparative amounts as of December 31, 2018

December 31,

	Fort Bend County Women's Center	FBWC Rio Bend	Eliminations	2019	2018
Assets					
Cash and cash equivalents	\$ 332,582	\$ 3,976	\$ -	\$ 336,558	\$ 99,452
Receivables - grants and other	339,670	-	-	339,670	545,656
Inventory	278,576	-	-	278,576	283,774
Prepaid expenses	158,907	2,692	-	161,599	175,841
Restricted cash	1,945	-	-	1,945	3,273
Due from affiliated organization	-	5,486	(5,486)	-	-
Property and equipment (net of depreciation)	4,354,581	5,291,433	-	9,646,014	8,760,836
Other assets	22,011	-	-	22,011	-
Total assets	\$ 5,488,272	\$ 5,303,587	\$ (5,486)	\$ 10,786,373	\$ 9,868,832
Liabilities					
Accounts payable	\$ 160,608	\$ -	\$ -	\$ 160,608	\$ 100,420
Accrued expenses	105,070	-	-	105,070	137,886
Line-of-Credit	-	-	-	-	175,000
Due to affiliated organization	5,486	-	(5,486)	-	-
Notes payable	817,545	-	-	817,545	899,952
Deferred revenues	76,935	-	-	76,935	89,312
Total liabilities	1,165,644	-	(5,486)	1,160,158	1,402,570
Net Assets					
Without donor restrictions:					
Fixed assets, net of related debt	3,537,036	5,291,433	-	8,828,469	7,860,884
Undesignated net assets for operations	763,831	(287,846)	-	475,985	531,345
Total without donor restrictions	4,300,867	5,003,587	-	9,304,454	8,392,229
With donor restrictions	21,761	300,000	-	321,761	74,033
Total net assets	4,322,628	5,303,587	-	9,626,215	8,466,262
Total liabilities and net assets	\$ 5,488,272	\$ 5,303,587	\$ (5,486)	\$ 10,786,373	\$ 9,868,832

FORT BEND COUNTY WOMEN'S CENTER, INCORPORATED AND FBWC RIO BEND
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Year Ended December 31, 2019
With comparative amounts for the year ended December 31, 2018

	Fort Bend County Women's Center		FBWC Rio Bend		Eliminations	Totals	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions		2019	2018
Revenues and other support							
Donations	\$ 1,939,085	\$ 213,949	\$ 9,115	\$ 345,000	\$ -	\$ 2,507,149	\$ 5,083,002
United Way	196,398	-	-	-	-	196,398	213,119
State and other grants	336,601	-	-	-	-	336,601	342,585
Federal financial assistance	3,740,074	-	-	-	-	3,740,074	3,341,026
In-kind donations	81,389	-	-	-	-	81,389	68,488
Fundraisers	466,818	-	-	-	-	466,818	468,667
Less: cost of direct benefit to donors	(114,915)	-	-	-	-	(114,915)	(131,205)
Contributions of merchandise for resale	3,269,447	-	-	-	-	3,269,447	3,245,002
Resale Centers revenue	3,276,307	-	-	-	-	3,276,307	3,209,259
Less value of contributed merchandise sold	(3,274,645)	-	-	-	-	(3,274,645)	(3,207,387)
Interest	765	-	2,370	-	-	3,135	1,691
Other	173,915	-	477	-	-	174,392	52,432
Total revenue and other support	10,091,239	213,949	11,962	345,000	-	10,662,150	12,686,679
Net assets released from restrictions	266,221	(266,221)	45,000	(45,000)	-	-	-
Total revenue, other support and net assets released from restrictions	10,357,460	(52,272)	56,962	300,000	-	10,662,150	12,686,679
Expenses							
Program services:							
Shelter	2,080,085	-	-	-	-	2,080,085	1,935,442
Future housing	-	-	-	-	-	-	29,190
Aftercare	3,150,133	-	-	-	-	3,150,133	2,683,030
Resale Centers	3,337,621	-	-	-	-	3,337,621	3,105,115
FBWC Rio Bend housing	-	-	96,468	-	-	96,468	-
Supporting services:							
General and administrative	505,356	-	-	-	-	505,356	356,382
Fundraising	332,534	-	-	-	-	332,534	226,874
Total expenses	9,405,729	-	96,468	-	-	9,502,197	8,336,033
Other changes							
Transfer out/in to/from affiliated organization	(5,043,093)	-	5,043,093	-	-	-	-
Change in net assets	(4,091,362)	(52,272)	5,003,587	300,000	-	1,159,953	4,350,646
Net assets, beginning of year	8,392,229	74,033	-	-	-	8,466,262	4,115,616
Net assets, end of year	\$ 4,300,867	\$ 21,761	\$ 5,003,587	\$ 300,000	\$ -	\$ 9,626,215	\$ 8,466,262