

CONNECTING POINT OF PARK CITIES

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2014



GOLDEN, DELLINGES & REDD, L.P.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connecting Point of Park Cities

We have audited the accompanying statements of financial position of Connecting Point of Park Cities (a Texas nonprofit organization), as of December 31, 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Connecting Point of Park Cities' 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. 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 auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecting Point of Park Cities as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Golden, Dellinger & Redd, L.P.

Dallas, Texas
December 15, 2015

CONNECTING POINT OF PARK CITIES
STATEMENT OF FINANCIAL POSITION
December 31, 2014

ASSETS

Current assets:	
Cash	\$ 210,201
Accounts receivable, trade, net of allowance for doubtful accounts	1,460
Prepaid expenses	5,086
Total current assets	<u>216,747</u>
Property and equipment, net	<u>63,804</u>
TOTAL ASSETS	<u><u>\$ 280,551</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 3,354
Note payable - current portion	10,041
Total current liabilities	<u>13,395</u>
Long-term liabilities:	
Note payable, net of current portion	<u>39,998</u>
TOTAL LIABILITIES	53,393
Net assets:	
Unrestricted	227,158
Temporarily restricted	-
Total net assets	<u>227,158</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 280,551</u></u>

See accompanying notes.

CONNECTING POINT OF PARK CITIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and support:			
Contributions and grants	\$ 365,981	\$ -	\$ 365,981
Program service fees	22,865	-	22,865
Other revenue	14,247	-	14,247
Total revenue	<u>403,093</u>	<u>-</u>	<u>403,093</u>
Net assets released from restrictions	14,100	(14,100)	-
Total adjusted revenue	<u>417,193</u>	<u>(14,100)</u>	<u>403,093</u>
Expenses:			
Program services	152,384	-	152,384
Supporting services	16,193	-	16,193
Fundraising	51,471	-	51,471
Total expenses	<u>220,048</u>	<u>-</u>	<u>220,048</u>
Increase (decrease) in net assets	197,145	(14,100)	183,045
Net assets, beginning of year	30,013	14,100	44,113
Net assets, end of year	<u>\$ 227,158</u>	<u>\$ -</u>	<u>\$ 227,158</u>

See accompanying notes.

CONNECTING POINT OF PARK CITIES
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Program Services	Supporting Services	Fundraising	Total
Contract services	\$ 992	\$ -	\$ -	992
Depreciation	1,636	-	-	1,636
Employee benefits	-	186	-	186
Dues and subscriptions	-	350	-	350
Grants and gifts	500	-	-	500
Insurance	22,056	-	398	22,454
Interest/bank fees	-	327	-	327
Marketing	-	-	1,221	1,221
Events and catering	-	-	43,223	43,223
Office supplies	11,952	7,967	-	19,919
Curriculum supplies	6,619	735	-	7,354
Other supplies	6,618	-	-	6,618
Other expenses	-	1,015	-	1,015
Payroll taxes	5,902	240	479	6,621
Professional fees	-	146	-	146
Rent and space	18,918	2,102	-	21,020
Repairs and maintenance	788	-	-	788
Salaries and wages	74,662	3,075	6,150	83,887
Training	1,299	-	-	1,299
Utilities	442	50	-	492
Total expenses	\$ 152,384	\$ 16,193	\$ 51,471	\$ 220,048

See accompanying notes.

CONNECTING POINT OF PARK CITIES
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

Cash flows from operating activities:	
Increase in net assets	\$ 183,045
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation and amortization	1,636
Net change in operating assets and liabilities:	
Receivables	12,640
Prepaid expenses	(5,086)
Accounts payable and accrued expenses	3,354
Net cash provided by operating activities	<u>195,589</u>
 Cash flows from investing activities:	
Purchases of property and equipment	<u>(12,930)</u>
Net cash used by investing activities	<u>(12,930)</u>
 Cash flows from financing activities:	
Payments on debt obligations	<u>(2,471)</u>
Net cash used by financing activities	<u>(2,471)</u>
Net increase in cash	180,188
Cash at beginning of year	<u>30,013</u>
Cash at end of year	<u>\$ 210,201</u>
 Supplemental Information:	
Interest paid	<u>\$ 327</u>
Non-Cash Transactions:	
Fixed assets acquired by note payable	\$ (52,510)
Notes payable issued for fixed assets	52,510
	<u>\$ -</u>

See accompanying notes.

CONNECTING POINT OF PARK CITIES
Notes to Financial Statements
December 31, 2014

NOTE 1 – NATURE OF OPERATIONS

Connecting Point of Park Cities (“The Organization”) is a Texas nonprofit corporation, classified by the Internal Revenue Service as tax-exempt under Section 501(a) of the Internal Revenue Code (IRC). The Organization was established and is operated to provide social, educational, vocational, and recreational services to disabled individuals. The Organization’s support and revenues are derived primarily from program service fees and public contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues and expenses are recorded on the accrual basis. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets- Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general purposes. There were no permanently restricted net assets as of December 31, 2014.

Temporarily Restricted Net Assets- Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. There were no temporarily restricted net assets as of December 31, 2014. See further commentary at Note 7.

Unrestricted Net Assets- Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted contributions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received.

Use of Estimates- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used on the preparation of these financial statements include the assumptions in recording depreciation and amortization, realization or receivables, and functional allocation of expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

CONNECTING POINT OF PARK CITIES
Notes to Financial Statements
December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and Cash Equivalents – The Organization considers all money market accounts maintained at brokerage firms and highly liquid investments with original maturities of ninety days or less to be cash equivalents. The Organization places its cash, which, at times, may exceed federally insured limits with high credit quality financial institutions. The Organization has not experienced any losses on such amounts.

Revenue Recognition – Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received. These contributions are reduced by any allowance for uncollectible amounts and then discounted to their net present value if the collection period extends beyond the next fiscal year. Revenues from educational, vocational and recreational services are recognized in the period the services are rendered. Revenues collected in advance are deferred until earned.

Accounts Receivable/Allowance for Doubtful Accounts – The Organization considers all accounts receivable balances collectible.

Property, Equipment, and Depreciation – Property and equipment are recorded at cost when purchased; if donated, property and equipment are recorded at fair value as of the date donated. Property and equipment is presented net of accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements that do not improve or extend the lives of the respective assets are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and any gain or loss is recognized and included in operations.

Depreciation has been calculated using the straight-line method based on the estimated useful lives of the assets as follows:

Transportation equipment	10 years
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Income Taxes – The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, as an organization described in Section 501 (c)(3) of the IRC. The Organization has been classified as an organization that is not a private organization under IRC Section 509 (a)(2), and as such, contributions to the organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the organization’s exempt purpose is subject to tax under IRC Section 511.

CONNECTING POINT OF PARK CITIES
Notes to Financial Statements
December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes – Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. The Organization’s federal income tax returns for 2014, 2013 and 2012 are subject to possible examination by the IRS, generally for three years after they are filed.

Date of Management’s Review – Subsequent events have been evaluated for potential recognition or disclosure through December 15, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2014, unconditional promises to give consisted of receivables due in one year or less. Because these amounts are due in one year or less, a discount to present value was not material or required. Further, no allowance for doubtful accounts was considered necessary.

NOTE 4 – PROPERTY AND EQUIPMENT

At December 31, 2014, property and equipment consisted of the following:

Transportation equipment	\$	65,440
Less accumulated depreciation and amortization		(1,636)
		\$ 63,804

NOTE 5 – DEBT OBLIGATIONS

Debt obligations consist of a note payable for the purchase of a bus due in monthly installments of \$933 including interest at 2.50%, maturing September 2019.

Scheduled maturities of long-term debt as of December 31, 2014 are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	\$ 10,041
2016	10,295
2017	10,562
2018	10,833
2019	8,308
	\$ 50,039

CONNECTING POINT OF PARK CITIES
Notes to Financial Statements
December 31, 2014

NOTE 6 - OPERATING LEASES

The Organization leases its facilities under a six month lease expiring December 31, 2015. The lease may be extended through June 1, 2016. Rent expense totaled \$21,020 for the year ended December 31, 2014. The future minimum rental payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	\$ 35,600

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted net assets as of December 31, 2014.

Net assets were released from donor restrictions as follows:

Expenses incurred satisfying the purpose restrictions
specified by donors:

Curriculum program	\$ 14,100
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NOTE 8 – CONTRIBUTED GOODS AND SERVICES

Individuals may 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.