

Wilkinson Center

Financial Statements

December 31, 2014 and 2013

Wilkinson Center

Financial Statements

December 31, 2014 and 2013

Table of Contents

Independent Auditor's Report.....	1
Statements of Financial Position, December 31, 2014 and 2013.....	3
Statement of Financial Activities, For The Year Ended December 31, 2014.....	4
Statement of Financial Activities, For The Year Ended December 31, 2013.....	5
Statement of Functional Expenses, For The Year Ended December 31, 2014.....	6
Statement of Functional Expenses, For The Year Ended December 31, 2013.....	7
Statements of Cash Flows, For The Years Ended December 31, 2014 and 2013.....	8
Notes to Financial Statements.....	9

Independent Auditor's Report

To the Board of Directors of
Wilkinson Center

We have audited the accompanying financial statements of Wilkinson Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of financial 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilkinson Center as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Thomas Stephen & Company, LLP

Dallas, Texas

August 14, 2015

Wilkinson Center
Statements of Financial Position
December 31, 2014 and 2013

	2014	2013
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 390,511	\$ 552,253
Restricted cash and cash equivalents	-	599,570
Accounts receivable	2,160	3,791
Pledges receivable, current	244,200	284,500
Other assets	44,717	17,603
Prepaid expenses	31,569	45,204
Total current assets	713,157	1,502,921
Pledges receivable, non-current, net of discounts of \$2,406 and \$6,138, at December 31, 2014 and 2013, respectively	62,954	188,862
Property and equipment, net	620,523	660,017
Total noncurrent assets	683,477	848,879
Total assets	\$ 1,396,634	\$ 2,351,800

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 32,616	\$ 46,001
Deferred revenue	22,172	150,737
Other current liabilities	8,785	3,321
Total current liabilities	63,573	200,059
Net assets		
Unrestricted	1,036,061	1,552,171
Temporarily restricted	297,000	599,570
Total net assets	1,333,061	2,151,741
Total liabilities and net assets	\$ 1,396,634	\$ 2,351,800

See accompanying notes.

The Wilkinson Center
Statement of Financial Activities
For The Year Ended December 31, 2014

	Unrestricted	Temporarily restricted	Total
Revenue and support			
Contributions	\$ 647,897	\$ 548,664	\$ 1,196,561
In-kind donations	133,614	-	133,614
Interest income, net of interest expense of \$316	715	-	715
Net assets released from restrictions	851,234	(851,234)	-
Total revenue and support	<u>1,633,460</u>	<u>(302,570)</u>	<u>1,330,890</u>
Functional expenses			
Program	1,547,001	-	1,547,001
Management and general	283,365	-	283,365
Fundraising	319,204	-	319,204
Total expenses	<u>2,149,570</u>	<u>-</u>	<u>2,149,570</u>
Decrease in net assets	(516,110)	(302,570)	(818,680)
Net assets, beginning of year	<u>1,552,171</u>	<u>599,570</u>	<u>2,151,741</u>
Net assets, end of year	<u>\$ 1,036,061</u>	<u>\$ 297,000</u>	<u>\$ 1,333,061</u>

See accompanying notes.

Wilkinson Center
Statement of Financial Activities
For The Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 680,601	\$ 1,311,891	\$ 1,992,492
In-kind donations	78,495	-	78,495
Interest income, net of interest expense of \$111	839	-	839
Miscellaneous income	1,943	-	1,943
Net assets released from restrictions	820,801	(820,801)	-
Total revenue and support	<u>1,582,679</u>	<u>491,090</u>	<u>2,073,769</u>
Functional expenses			
Program	1,475,846	-	1,475,846
Management and general	256,688	-	256,688
Fundraising	300,078	-	300,078
Total expenses	<u>2,032,612</u>	<u>-</u>	<u>2,032,612</u>
Increase (decrease) in net assets	(449,933)	491,090	41,157
Net assets, beginning of year	<u>2,002,104</u>	<u>108,480</u>	<u>2,110,584</u>
Net assets, end of year	<u>\$ 1,552,171</u>	<u>\$ 599,570</u>	<u>\$ 2,151,741</u>

See accompanying notes.

The Wilkinson Center
Statement of Functional Expenses
For The Year Ended December 31, 2014

	Program services	Management and general	Fundraising	Total
Bank fees	\$ 1,216	\$ 454	\$ 5,711	\$ 7,381
Client services	11,175	-	-	11,175
Depreciation	75,226	9,051	6,034	90,311
Food	51,415	-	-	51,415
Fundraising	-	-	1,874	1,874
Insurance	9,530	9,194	1,223	19,947
Dues and subscriptions	1,967	5,824	2,905	10,696
Miscellaneous	1,332	1,714	1,058	4,104
Occupancy	155,947	41,832	24,592	222,371
Personnel	841,405	123,352	145,804	1,110,561
Postage and delivery	56	2,615	6,419	9,090
Printing and reproduction	198	1,637	7,850	9,685
Professional fees	53,565	35,213	-	88,778
Advertising and publicity	377	7,848	1,881	10,106
In-kind	133,614	-	-	133,614
Shoes	24,341	-	-	24,341
Special events	10,227	-	98,117	108,344
Supplies	20,121	6,923	775	27,819
Telephone	15,167	2,242	1,980	19,389
Training and seminars	2,073	1,705	168	3,946
Travel and meals	7,067	6,268	4,671	18,006
Van use	2,284	-	-	2,284
Curriculum	24,430	-	-	24,430
Information technology	25,892	7,080	6,792	39,764
Outside services	78,376	20,413	1,350	100,139
Total	<u>\$ 1,547,001</u>	<u>\$ 283,365</u>	<u>\$ 319,204</u>	<u>\$ 2,149,570</u>

See accompanying notes.

Wilkinson Center
Statement of Functional Expenses
For The Year Ended December 31, 2013

	Program services	Management and general	Fundraising	Total
Bank fees	\$ 1,259	\$ 3,590	\$ 3,808	\$ 8,657
Client services	17,177	-	-	17,177
Depreciation	38,416	3,708	-	42,124
Food	32,045	-	-	32,045
Insurance	336	12,014	-	12,350
Dues and subscriptions	947	4,143	44	5,134
Occupancy	136,595	38,867	23,479	198,941
Personnel	868,784	134,642	131,910	1,135,336
Postage and delivery	16	2,370	793	3,179
Printing and reproduction	12,304	1,677	13,617	27,598
Professional fees	300	-	-	300
Advertising and publicity	-	983	622	1,605
In-kind	75,507	-	2,988	78,495
Shoes	27,699	-	-	27,699
Special events	26,987	-	110,720	137,707
Staff and volunteer recognition	2,527	740	270	3,537
Supplies	45,098	5,086	1,203	51,387
Telephone	14,662	2,601	1,632	18,895
Training and seminars	2,322	692	23	3,037
Travel and meals	8,534	5,924	3,559	18,017
Van use	3,601	-	-	3,601
Information technology	26,810	6,456	4,159	37,425
Outside services	133,920	33,195	1,251	168,366
Total	<u>\$ 1,475,846</u>	<u>\$ 256,688</u>	<u>\$ 300,078</u>	<u>\$ 2,032,612</u>

See accompanying notes.

Wilkinson Center
Statements of Cash Flows
For The Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ (818,680)	\$ 41,157
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation expense	90,311	42,124
Gain on disposal of property and equipment	-	(1,943)
Decrease (increase) in accounts receivable	1,631	(3,629)
Decrease (increase) in pledges receivable	166,208	(327,121)
Increase in other assets	(27,114)	(16,593)
Decrease (increase) in prepaid expenses	13,635	(11,099)
Decrease in accounts payable	(13,385)	(9,954)
Increase (decrease) in deferred revenue	(128,565)	150,737
Increase in other current liabilities	5,464	198
Total cash flows used by operating activities	(710,495)	(136,123)
Cash flows from investing activities		
Decrease (increase) in restricted cash and cash equivalents	599,570	(491,090)
Acquisition of property and equipment	(50,817)	(181,592)
Total cash flows provided (used) by investing activities	548,753	(672,682)
Cash flows from financing activities		
Payments on capital lease	-	(5,673)
Total cash flows used by financing activities	-	(5,673)
Net decrease in cash and cash equivalents	(161,742)	(814,478)
Cash and cash equivalents, beginning of year	552,253	1,366,731
Cash and cash equivalents, end of year	\$ 390,511	\$ 552,253
Supplemental data:		
Cash paid during the year for interest	\$ 316	\$ 111
In-kind donations	\$ 133,614	\$ 78,495

See accompanying notes.

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

1. Organization and Summary of Significant Accounting Policies

Organization

The mission of Wilkinson Center (the "Center") is to provide help and hope to people in need. The Center was incorporated under the laws of the State of Texas in 1997. The Center is supported primarily through various donor contributions. The Center responds to a variety of critical needs of the East Dallas Community concentrating on meeting needs through the following:

- 1) Food and Emergency Services;
- 2) Adult Education;
- 3) Family Education;
- 4) Children's Services

Summary of Significant Accounting Policies

The summary of significant accounting policies of the Center is presented to assist in the understanding of the Center's financial statements. The financial statements and notes are representations of the Center's management, who 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.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results may vary from management's estimates.

Cash and Cash Equivalents

The statement of cash flows is presented using the "indirect method". For purposes of this statement, the Center considers as cash and cash equivalents all cash on hand, cash in checking accounts, cash in savings accounts and cash equivalents in investment accounts with original maturities of three months or less.

Pledges Receivable

The Center has adopted Financial Accounting Standard ASC 958-605, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is capitalized and reported at cost if purchased or at fair market value on the date of acquisition, if acquired by gift. Equipment under capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The Center's policy is to capitalize fixed asset purchases over \$2,000.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are determined as follows:

Equipment	7 Years
Office furniture and fixtures	5 Years
Computer equipment	3 Years
Leasehold improvements	Lease term

Maintenance, repairs and normal replacements are charged to expense as incurred; major improvements are capitalized.

Deferred Revenue

Deferred revenue for the year ended December 31, 2014 represents deferred rent related to the straight-line rent calculation. Deferred revenue for the year ended December 31, 2013 represents a grant award of program revenue to be used in the year subsequent to receipt.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Center and changes therein are classified as follows:

Unrestricted - The general activities of the Center are recorded in unrestricted net assets. Revenues are derived principally from outside contributions and donations to promote board designated activities and general administration of the Center.

Temporarily Restricted - Temporarily restricted net assets represent resources which are temporarily restricted by donor-imposed limitations. The net assets consist primarily of contributions for specific programs.

Permanently restricted - Permanently restricted net assets represent funds limited by the donor(s) for permanent investment of principal and use of income. Currently, there are no permanently restricted net assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2014 and 2013 were \$10,106 and \$1,605, respectively. Advertising costs consist of print and internet advertising.

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

1. Organization and Summary of Significant Accounting Policies (continued)

Tax Status

The Center is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. As such, no provision for Federal income tax is included in the accompanying financial statements. The Center is not a private foundation and contributions to it qualify as charitable contributions. As of December 31, 2014, the Center does not believe it has any uncertain tax positions. Generally, the three prior returns are subject to examination by the Internal Revenue Service.

Bad Debts

Bad debts are accounted for using the direct write-off method. The results of using this method are not materially different from using the reserve method. Management periodically reviews accounts receivable on an account by account basis. Management considers the Center's past history with the donor, contact information and the size of the account. Accounts are written off when it appears collection efforts will not be successful. There were no write-offs in 2014 or 2013. Management deemed all receivables were collectible as of December 31, 2014 and 2013.

2. Donated Goods and Services

The Center receives certain donated goods and services. Donated goods such as food, toys, and clothing are recorded as support and expense based on their estimated values.

A significant number of volunteers donate their time and services. Pursuant to generally accepted accounting principles, this volunteer time and service is not recognized in the accompanying financial statements.

3. Pledges Receivable

Unconditional promises to give at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Unrestricted pledges receivable	\$ 12,200	\$ 97,741
Restricted to adult education	227,000	351,259
Restricted to food emergency services	70,000	500
Restricted to child services	-	30,000
	309,200	479,500
Total unconditional promises to give		
Less discounts to present value	(2,046)	(6,138)
Net unconditional promises to give	\$ 307,154	\$ 473,362

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

3. Pledges Receivable (continued)

Amounts due in:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 244,200	\$ 284,500
One to five years	<u>65,000</u>	<u>195,000</u>
Total unconditional promises to give	309,200	479,500
Less discounts to present value	<u>(2,046)</u>	<u>(6,138)</u>
Net unconditional promises to give	<u><u>\$ 307,154</u></u>	<u><u>\$ 473,362</u></u>

Unconditional promises to give due in more than one year are recognized at fair value using present value techniques and a discount rate at 3.25%, when the donor makes an unconditional promise to give to the Center.

4. Property and Equipment

	<u>2014</u>	<u>2013</u>
Office and computer equipment	\$ 71,110	\$ 68,994
Office and computer equipment - computer software	157,395	111,544
Vehicles	28,779	28,779
Office furniture	19,890	19,890
Food pantry	17,211	17,211
Leasehold improvements	<u>199,255</u>	<u>196,405</u>
Total depreciable assets	493,640	442,823
Less: accumulated depreciation	<u>(255,224)</u>	<u>(164,913)</u>
Net depreciable assets	238,416	277,910
Land	<u>382,107</u>	<u>382,107</u>
Net property and equipment	<u><u>\$ 620,523</u></u>	<u><u>\$ 660,017</u></u>

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Food and essential items	\$ -	\$ 42,873
GED Testing	-	710
Technology upgrades	-	15,000
Refrigeration replacement	-	2,249
Van	-	705
Outside services	-	28,000
Adult education	227,000	376,727
Family education	-	22,560
Children services	-	79,500
Emergency services	70,000	23,909
Shoe drive	-	7,337
Total	<u>\$ 297,000</u>	<u>\$ 599,570</u>

6. Lease Commitments

The Center leases office space. At December 31, 2014, the future minimum lease payments under operating leases are presented as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2015	\$ 130,779
2016	142,217
2017	154,212
2018	153,082
2019	89,280
Thereafter	185,256
	<u>\$ 854,826</u>

The Center's expense incurred for operating leases during the year ended December 31, 2014 and 2013 were \$222,246 and \$198,940, respectively.

Wilkinson Center
Notes to Financial Statements
December 31, 2014 and 2013

7. Line of Credit

On December 8, 2014, the Center entered into a line of credit agreement with Community Trust Bank. The maximum amount of the line of credit was set at \$150,000. It is not secured by collateral. The interest rate was 4.19% at December 31, 2014. Outstanding principal is due upon demand. As of December 31, 2014, the Center had no outstanding balance under this line of credit.

8. Credit Concentration, Risk and Contingency

The Center operates entirely within the Dallas, Texas area. The majority of the Center's revenue is from contributions. Therefore, the financial activities of the Center are subject to the economic conditions of the area.

The Center occasionally maintains cash balances and cash equivalents excess of \$250,000. Amounts in excess of \$250,000 are not protected by the Federal Deposit Insurance Corporation in case of bank failure.

9. CLIMB Program

The Center operated a program named "CLIMB" (Changing Lives, Improving Mind and Body) in conjunction with the Dallas Independent School District (DISD) and other organizations. In connection with this program, the Center agreed to fund certain costs of DISD and other organizations. In the event the costs exceeded the agreed amount, the Center was responsible for providing the additional required funds to complete its one-year funding obligation. As of December 31, 2013 the Center had paid \$15,527, which is included in prepaid expenses on the balance sheet, in advance to DISD related to CLIMB. In 2014, the Center paid out \$23,750 and incurred a total of \$39,277 of expenses to DISD related to the program. The Center did not operate the program as of December 31, 2014.

10. Subsequent Events

On May 21, 2015, the Chenault property was sold for \$399,000. The Center recorded a loss of approximately \$11,000.

The Center has evaluated subsequent events through August 14, 2015, the date which the financial statements were available to be issued. The Center has no other material subsequent events to report.