

# **Wilkinson Center**

Financial Statements

For the Six Months Ended June 30, 2017

# Wilkinson Center

## Financial Statements

For the Six Months Ended June 30, 2017

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## **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 statement of financial position as of June 30, 2017, and the related statements of financial activities, functional expenses, and cash flows for the six months 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 June 30, 2017, and the related statements of financial activities, functional expenses, and cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

THOMAS STEPHEN & COMPANY, LLP

Dallas, Texas

February 14, 2018

Wilkinson Center  
Statement of Financial Position  
June 30, 2017

Assets

Current assets	
Cash and cash equivalents	\$ 439,745
Pledges receivable, current	527,891
Other Account receivables	2,137
Other assets	2,084
Prepaid expenses	<u>23,201</u>
Total current assets	<u>995,058</u>
Property and equipment, net	<u>127,842</u>
Total noncurrent assets	<u>127,842</u>
Total assets	<u><u>\$ 1,122,900</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payables	\$ 16,877
Other current liabilities	<u>32,591</u>
Total current liabilities	<u>49,468</u>
Long-term liability	
Deferred rent	<u>37,332</u>
Total long-term liability	<u>37,332</u>
Total liabilities	<u>86,801</u>
Net assets	
Unrestricted	621,260
Temporarily restricted	<u>414,839</u>
Total net assets	<u>1,036,099</u>
Total liabilities and net assets	<u><u>\$ 1,122,900</u></u>

See accompanying notes.

The Wilkinson Center  
Statement of Financial Activities  
For the Six Months Ended June 30, 2017

	Unrestricted	Temporarily restricted	Total
Revenue and support			
Contributions	\$ 422,552	\$ 914,252	\$ 1,336,804
In-kind donations	50,836	-	50,836
Dividend income	387	-	387
Miscellaneous income	2,767	-	2,767
Net assets released from restrictions	685,152	(685,152)	-
Total revenue and support	1,161,694	229,100	1,390,794
Functional expenses			
Program	949,969	-	949,969
Management and general	60,666	-	60,666
Fundraising	254,831	-	254,831
Total Functional expenses	1,265,465	-	1,265,465
Total expenses	1,265,465	-	1,265,465
Decrease in net assets	(103,771)	229,100	125,329
Net assets, beginning of year	725,031	185,739	910,770
Net assets, end of year	\$ 621,260	\$ 414,839	\$ 1,036,099

See accompanying notes.

Wilkinson Center  
Statement of Functional Expenses  
For the Six Months Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees/credit card processing fees	\$ -	\$ 782	\$ 3,886	\$ 4,668
Client services	3,179	-	-	3,179
Depreciation	27,891	460	4,214	32,565
Food assistance	19,372	-	-	19,372
Insurance	4,938	432	1,317	6,687
Dues and subscriptions	1,255	699	781	2,735
Miscellaneous	1,346	266	-	1,612
Occupancy	90,610	7,739	10,440	108,790
Personnel	676,613	29,265	129,247	835,125
Postage and delivery	692	505	-	1,197
Printing and reproduction	4,649	1,574	-	6,223
Professional fees	8,676	15,000	200	23,876
Advertising, publicity and outreach	824	-	-	824
In-kind	9,917	-	36,779	46,696
Special events	16,812	-	59,884	76,696
Supplies	3,405	560	198	4,163
Telephone and internet	5,221	137	1,018	6,376
Training and seminars	5,780	98	293	6,171
Travel and meals	7,796	1,496	889	10,181
Van use	1,048	-	-	1,048
Program curriculum, books and testing	25,531	-	-	25,531
IT expense	13,770	1,414	5,685	20,869
Outside services	20,644	239	-	20,883
Totals	<u>\$ 949,969</u>	<u>\$ 60,666</u>	<u>\$ 254,831</u>	<u>\$ 1,265,465</u>

See accompanying notes.

Wilkinson Center  
 Statements of Cash Flows  
 For the Six Months Ended June 30, 2017

Cash flows from operating activities	
Change in net assets	\$ 125,329
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation expense	32,565
Increase in pledges receivable	(206,008)
Increase in other account receivable	(879)
Decrease in other assets	52,997
Decrease in prepaid expenses	(12,559)
Increase in accounts payable	10,237
Increase in deferred rent	7,482
Increase in other current liabilities	<u>26,152</u>
Total cash flows provided by operating activities	<u>35,316</u>
Cash flows from investing activities	
Acquisition of property and equipment	<u>(8,640)</u>
Total cash flows used in investing activities	<u>(8,640)</u>
Net increase in cash and cash equivalents	26,676
Cash and cash equivalents, beginning of year	<u>413,069</u>
Cash and cash equivalents, end of year	<u><u>\$ 439,745</u></u>
Supplemental data:	
In-kind donations	<u><u>\$ 50,836</u></u>

See accompanying notes.

Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

1. Organization and Summary of Significant Accounting Policies

Organization

The mission of Wilkinson Center (the "Center") is to transform the lives of Dallas families by promoting pathways to self-sufficiency with dignity and respect. 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 across Dallas County, concentrating on meeting needs through the following:

- 1) Food and Emergency Services;
- 2) Adult Education(GED studies and testing, English as a second language; financial literacy; and coaching focused on employment and financial goals);

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.

Change of Financial Year End

In 2017, the financial year end of the Center was changed from December 31 to June 30 so as to coterminous with the year end of its major funders. Accordingly, the current financial statements are prepared for six months from January 1, 2017 to June 30, 2017 and as a result, the comparative figures are not included in the financial position, statement of activities, statement of functional expenses, statement cash flows and the related notes to the financial statements.

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.

The accompanying footnotes are integral part of the financial statements.



Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

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

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.

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 Rent

Deferred expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position. The deferred rent for the six months ended June 30, 2017 was \$37,332.

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.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

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

Net Assets (Continued)

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 six months ended June 30, 2017 was \$824. Advertising costs consist of print and internet advertising.

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 June 30, 2017 and December 31, 2016, 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 for the six months ended June 30, 2017. Management deemed all receivables were collectible as of June 30, 2017.

2. Donated Goods and Services

The Center receives certain donated goods and services. Donated goods such as food, toys, and school supplies 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.

Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

3. Pledges Receivable

Unconditional promises to give at June 30, 2017 consisted of the following:

Unrestricted pledges receivable	\$ 39,383
Restricted to adult education	417,166
Restricted to food emergency services	71,341
Total unconditional promises to give	\$ 527,891

Amounts due in:

Less than one year	\$ 527,891
One to five years	-
Total unconditional promises to give	527,891
Less: discounts to present value	-
Net unconditional promises to give	\$ 527,891

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

Property and equipment consisted of the following at June 30, 2017:

Office and computer equipment	\$ 93,840
Office and computer equipment - computer software	195,915
Vehicles	28,779
Office furniture	36,845
Food pantry	31,067
Leasehold improvements	199,116
Total depreciable assets	585,562
Less: accumulated depreciation	(457,720)
Net property and equipment	\$ 127,842

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2017.

Adult education	\$ 288,258
Shoe drive	20,455
IT upgrade	30,000
Emergency services	70,000
Friends of Wilkinson	6,126
Total	<u>\$ 414,839</u>

6. Lease Commitments

The Center leases office space under various operating leases that expire through 2022. At June 30, 2017, the approximate future minimum lease payments under operating leases are presented as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 175,182
2019	121,396
2020	90,024
2021	92,256
Thereafter	62,496
	<u>\$ 541,354</u>

The Center's expense incurred for operating leases during the six months ended June 30, 2017 was \$109,496.

7. Line of Credit

On October 6, 2016, the Center entered into a line of credit agreement with Frost Bank. The maximum amount of the line of credit was set at \$100,000. It is not secured by collateral. The interest rate was 5.5% at June 30, 2017. Outstanding principal is due on October 5, 2017. As of June 30, 2017, 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 accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
June 30, 2017

9. Subsequent Events

The Center has evaluated subsequent events through February 14, 2018 the date which the financial statements were available to be issued and determined that no subsequent events have occurred that warrant disclosure.