

Grapevine Relief and Community Exchange

Financial Report
August 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Grapevine Relief and Community Exchange

We have audited the accompanying financial statements of Grapevine Relief and Community Exchange (the Organization) which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 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.

The Board of Directors of
Grapevine Relief and Community Exchange

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grapevine Relief and Community Exchange as of August 31, 2021 and 2020, and the changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
December 1, 2021

Grapevine Relief and Community Exchange

Statements of Financial Position

August 31, 2021 and 2020

	2021	2020
ASSETS		
ASSETS		
Cash	\$ 649,189	\$ 944,962
Investments	2,976,257	1,921,615
Resale inventory	71,444	74,061
Pledges receivable	136,901	147,986
Prepaid expenses	119,658	77,730
Other assets	20,844	21,877
Property and equipment, net	5,755,781	4,726,207
TOTAL ASSETS	\$ 9,730,074	\$ 7,914,438
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 477,187	\$ 63,301
Accrued payroll	48,668	46,769
Accrued liabilities	102,878	112,404
Deferred revenue	260,822	103,000
Deferred rent	38,333	37,651
Note payable	2,026,733	1,609,258
Total liabilities	2,954,621	1,972,383
NET ASSETS		
Net assets without donor restrictions		
Board designated	2,588,807	1,583,804
Undesignated	3,808,205	4,028,349
Total net assets without donor restrictions	6,397,012	5,612,153
Net assets with donor restrictions	378,441	329,902
Total net assets	6,775,453	5,942,055
TOTAL LIABILITIES AND NET ASSETS	\$ 9,730,074	\$ 7,914,438

The Notes to Financial Statements
are an integral part of these statements.

Grapevine Relief and Community Exchange

Statements of Activities

Years Ended August 31, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 1,292,369	\$ 1,342,050	\$ 2,634,419	\$ 1,900,341	\$ 1,021,318	\$ 2,921,659
Grants	696,931	-	696,931	309,271	-	309,271
In-kind contributions	1,881,562	-	1,881,562	2,074,466	-	2,074,466
Resale sales, net of donated inventory used	998,361	-	998,361	970,848	-	970,848
Contribution of donated goods for resale	683,245	-	683,245	714,592	-	714,592
Client donations	6,915	-	6,915	6,897	-	6,897
Investment income	324,523	-	324,523	77,063	-	77,063
Special event, net of direct costs of \$131,656 and \$319,930	469,080	-	469,080	514,699	-	514,699
Other income	36,217	-	36,217	76,637	-	76,637
Net assets released from restrictions	1,293,511	(1,293,511)	-	1,271,788	(1,271,788)	-
Total support and revenue	7,682,714	48,539	7,731,253	7,916,602	(250,470)	7,666,132
EXPENSES						
Program services	4,218,385	-	4,218,385	4,111,887	-	4,111,887
Management and general	163,190	-	163,190	141,582	-	141,582
Resale	1,916,113	-	1,916,113	1,744,398	-	1,744,398
Fundraising	600,167	-	600,167	531,930	-	531,930
Total expenses	6,897,855	-	6,897,855	6,529,797	-	6,529,797
Change in net assets	784,859	48,539	833,398	1,386,805	(250,470)	1,136,335
NET ASSETS, beginning of year	5,612,153	329,902	5,942,055	4,225,348	580,372	4,805,720
NET ASSETS, end of year	<u>\$ 6,397,012</u>	<u>\$ 378,441</u>	<u>\$ 6,775,453</u>	<u>\$ 5,612,153</u>	<u>\$ 329,902</u>	<u>\$ 5,942,055</u>

The Notes to Financial Statements
are an integral part of these statements.

Grapevine Relief and Community Exchange

Statement of Functional Expenses

Year Ended August 31, 2021

	Program Services					Supporting Services				2021 Total	
	Emergency Assistance	Transitional Housing	Community Clinic	Food Pantry	Other Seasonal	Total	Management and General	Resale	Fundraising		Total
Salaries and related costs	\$ 409,931	\$ 137,770	\$ 327,066	\$ 179,888	\$ 61,204	\$1,115,859	\$ 129,223	\$ 1,011,900	\$ 433,815	\$1,574,938	\$2,690,797
Client assistance	470,285	136,314	797,230	573,542	520,996	2,498,367	172	6,768	637	7,577	2,505,944
Accountant fees	2,852	831	1,472	984	891	7,030	348	10,097	1,874	12,319	19,349
Advertising	3,077	155	2,734	2,775	324	9,065	802	39,349	22,364	62,515	71,580
Bank charges	2,397	1,471	2,406	4,702	3,472	14,448	4,826	50,037	24,351	79,214	93,662
Contract services	7,736	976	4,002	2,682	2,072	17,468	-	111,962	-	111,962	129,430
Donated space	44,942	7,599	2,782	1,864	47,161	104,348	3,527	22,584	10,779	36,890	141,238
Dues and subscriptions	707	299	1,096	489	239	2,830	837	2,049	6,613	9,499	12,329
Staff development	389	1,543	323	834	84	3,173	192	1,371	422	1,985	5,158
Employee recognition	3,948	1,846	3,295	1,707	1,372	12,168	1,362	28,678	2,406	32,446	44,614
Insurance	12,926	13,136	19,666	17,951	3,634	67,313	1,209	48,312	5,212	54,733	122,046
Marketing	413	167	356	238	149	1,323	270	947	19,332	20,549	21,872
Meetings and travel	2,209	1,158	2,759	1,289	1,110	8,525	3,809	7,203	5,852	16,864	25,389
Occupancy	777	242	993	665	514	3,191	-	290,570	-	290,570	293,761
Other	1,815	6,848	1,886	2,135	171	12,855	748	1,641	2,023	4,412	17,267
Postage	257	79	265	186	3,772	4,559	548	10,785	6,664	17,997	22,556
Printing	1,819	158	1,879	196	1,379	5,431	240	2,343	24,094	26,677	32,108
Repairs and maintenance	9,179	32,251	10,048	10,537	1,787	63,802	2,265	49,680	3,065	55,010	118,812
Supplies	4,427	3,398	6,583	7,317	2,973	24,698	824	33,882	2,965	37,671	62,369
Telephone	10,187	2,519	6,465	2,738	803	22,712	1,030	14,899	3,552	19,481	42,193
Technology	18,634	4,264	12,675	2,835	2,035	40,443	4,626	22,174	9,097	35,897	76,340
Utilities	9,141	3,355	8,487	10,527	1,253	32,763	3,646	63,905	6,006	73,557	106,320
Vehicle	107	95	136	1,827	71	2,236	93	5,853	50	5,996	8,232
Depreciation	18,898	22,695	48,530	52,584	1,071	143,778	2,593	79,124	8,994	90,711	234,489
TOTAL EXPENSE BY FUNCTION	\$1,037,053	\$ 379,169	\$1,263,134	\$ 880,492	\$658,537	\$4,218,385	\$ 163,190	\$ 1,916,113	\$ 600,167	\$2,679,470	\$6,897,855

The Notes to Financial Statements are an integral part of these statements.

Grapevine Relief and Community Exchange

Statement of Functional Expenses

Year Ended August 31, 2020

	Program Services					Supporting Services				2020 Total	
	Emergency Assistance	Transitional Housing	Community Clinic	Food Pantry	Other Seasonal	Total	Management and General	Resale	Fundraising		Total
Salaries and related costs	\$ 386,588	\$ 121,245	\$ 265,558	\$ 201,340	\$ 67,920	\$1,042,651	\$ 111,124	\$ 1,002,935	\$ 343,435	\$1,457,494	\$2,500,145
Client assistance	536,699	89,600	659,999	933,608	359,509	2,579,415	180	3,036	1,155	4,371	2,583,786
Accountant fees	2,412	752	1,184	1,090	144	5,582	307	10,415	1,796	12,518	18,100
Advertising	757	404	406	657	280	2,504	103	20,247	6,288	26,638	29,142
Bank charges	6,156	500	1,083	4,153	766	12,658	2,529	43,115	14,701	60,345	73,003
Contract services	2,441	408	3,002	4,246	1,635	11,732	-	103,093	394	103,487	115,219
Donated space	44,606	7,229	2,264	3,203	30,456	87,758	3,237	22,946	10,799	36,982	124,740
Dues and subscriptions	381	129	827	676	249	2,262	675	1,210	6,525	8,410	10,672
Staff development	166	845	560	201	78	1,850	385	565	1,592	2,542	4,392
Employee recognition	1,977	1,776	1,823	2,995	1,089	9,660	3,481	12,966	3,090	19,537	29,197
Insurance	6,187	9,213	10,017	13,168	2,329	40,914	1,371	35,708	12,062	49,141	90,055
Marketing	24	597	30	42	16	709	-	2,017	7,096	9,113	9,822
Meetings and travel	2,500	1,409	2,838	2,850	1,003	10,600	4,476	7,710	1,858	14,044	24,644
Occupancy	758	127	933	1,362	508	3,688	-	237,710	31,733	269,443	273,131
Other	1,867	6,049	2,044	1,491	276	11,727	1,333	1,792	-	3,125	14,852
Postage	152	25	186	264	106	733	385	2,251	7,825	10,461	11,194
Printing	2,456	97	1,509	702	946	5,710	775	4,080	14,253	19,108	24,818
Professional fees	2	-	3	4	2	11	-	12	876	888	899
Repairs and maintenance	5,606	4,316	9,236	9,800	507	29,465	1,895	28,166	5,138	35,199	64,664
Supplies	4,166	2,260	5,987	6,995	2,828	22,236	448	38,178	1,635	40,261	62,497
Telephone	9,224	2,072	7,271	3,996	692	23,255	1,153	14,728	4,828	20,709	43,964
Technology	16,457	4,188	9,387	4,657	2,104	36,793	2,911	27,603	10,774	41,288	78,081
Utilities	7,665	2,423	6,940	10,558	919	28,505	2,759	54,287	22,417	79,463	107,968
Vehicle	242	40	297	2,380	182	3,141	17	14,074	9	14,100	17,241
Depreciation	15,684	21,939	47,589	52,293	823	138,328	2,038	55,554	21,651	79,243	217,571
TOTAL EXPENSE BY FUNCTION	\$1,055,173	\$ 277,643	\$1,040,973	\$1,262,731	\$475,367	\$4,111,887	\$ 141,582	\$ 1,744,398	\$ 531,930	\$2,417,910	\$6,529,797

The Notes to Financial Statements
are an integral part of these statements.

Grapevine Relief and Community Exchange

Statements of Cash Flows

Years Ended August 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 833,398	\$ 1,136,335
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	234,489	217,571
Investment income	(324,523)	(77,063)
Changes in operating assets and liabilities		
Resale inventory	2,617	(3,604)
Pledges receivable	11,085	229,229
Prepaid expenses	(41,928)	24,255
Other assets	1,033	-
Accounts payable	413,886	(15,524)
Accrued payroll	1,899	2,602
Accrued liabilities	(9,526)	8,351
Deferred revenue	157,822	(98,851)
Deferred rent	682	(2,164)
	1,280,934	1,421,137
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from construction note payable	417,475	-
	417,475	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(730,119)	(1,338,529)
Purchases of property and equipment	(1,264,063)	(91,267)
	(1,994,182)	(1,429,796)
Net cash used in investing activities	(1,994,182)	(1,429,796)
Net change in cash	(295,773)	(8,659)
CASH, beginning of year	944,962	953,621
CASH, end of year	\$ 649,189	\$ 944,962
NONCASH FINANCING ACTIVITIES		
Construction in process purchased with debt	\$ -	\$ 1,609,258
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 55,140	\$ 43,912

The Notes to Financial Statements
are an integral part of these statements.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Grapevine Relief and Community Exchange (the Organization) (GRACE) was organized in Texas in 1987 as a nonprofit corporation for the purpose of centralizing resources and providing food, clothing, referral, and available financial assistance to the needy of the Grapevine-Southlake-Colleyville area, and others as referred by its members. The Organization's support and revenue comes primarily from civic organizations, local government agencies, churches, and individuals in the Northeast Tarrant County area.

The Organization pursues its objectives through the execution of the following programs and initiatives:

Emergency Assistance provides aid to individuals and families who are faced with financial challenges due to low-income or recent emergency. Aid is given on an as-needed basis. While the program provides food, clothing, toiletries, household goods, furniture, financial assistance, and information/referrals to those in need, it is the in-depth and individualized case management that helps to improve the overall stability of the individuals served. On average, GRACE serves about 5,000 individuals each year; however, for the past two years that number has increased to approximately 12,000. GRACE continues to feel the impact that the pandemic has had on its community and is working hard to provide the ongoing emergency assistance that its clients will need to continue their ability to provide for their families.

Transitional Housing allows homeless individuals and families the stability and comfort of their own apartment for up to two years while they work toward independence. Housing clients participate in intensive case management while pursuing educational, career, financial, and personal development goals during their stay. All program activities are aimed at helping the clients to achieve self-determination and eventual self-sufficiency.

GRACE Community Clinic is a comprehensive program that provides a holistic approach to health care for families who do not have access to traditional medical care. Four dedicated staff members organize volunteer physicians, nurses, pharmacists and other healthcare professionals to provide more than 5,000 patient visits to close to 850 patients who consider the GRACE Clinic their medical home. The clinic provides the following services: routine office visits and health screenings, medications, specialist referrals, diagnostic testing and lab services, dietary/nutritional consultations, and general health education. For five years, the Clinic has been awarded the Gold Status from the American Heart Association (AHA) and American Medical Association (AMA) for their commitment to reducing the number of Americans at risk for cardiovascular disease.

GRACE Food Pantry provides perishable and nonperishable food to individuals and families in need. The pantry uses a voucher system for the Organization's clients to shop and select the food items that meet the cultural and dietary needs of their households. The pantry is designed as a grocery store that gives the Organization's clients an element of dignity in the process of providing food for their families. Currently, they serve more than 400 visits to the pantry each month, in addition to monthly supplemental food that is delivered to the homes of seniors and individuals with disabilities.

In addition to the Organization's year-round programs, clients, volunteers, and donors can participate in various seasonal opportunities.

The Organization also operates resale locations to fund their programs.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Resale funds a large portion of the annual budget. The Organization receives more donations from the community than necessary to meet client demand. Donations are received, sorted, and distributed to programs, and any leftover goods are sold at one of the Organization's two resale shops.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Support and Revenue

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (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.

Donated goods other than inventory and use of facilities are reflected as contributions at their estimated fair value at the date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization.

Event sponsorship revenue is recognized at the date the event occurs unless otherwise stipulated by the donor. Advanced payments for the event sponsorships are reported as deferred revenue until the date of the event.

Resale sales are recognized at the date the sale occurs, and are recorded net of the estimated fair value of donated inventory sold on the statement of activities.

Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful pledges receivable based on prior experience, review of individual accounts, historical losses, existing economic conditions, and management's evaluation of other pertinent factors. Accounts are written off as they are deemed uncollectible based on a periodic review of accounts. Management believes that all amounts are collectible, and, therefore, no allowance for doubtful accounts was recorded as of August 31, 2021 and 2020 respectively.

Promises to Give

Unconditional promises to give that are made by the donor and received by the Organization are recognized when the promise to give is communicated by the donor.

Conditional promises to give received by the Organization, which stipulate the occurrence of some specified future event before payment will be made, are recognized when the specified future event takes place and the promise to give becomes unconditional.

Grapevine Relief and Community Exchange

Notes to Financial Statements

As of August 31, 2021 and 2020, approximately 59% of total pledges receivable were due from three donors, respectively.

Cash

Cash, for statement of cash flow purposes, includes cash accounts of the Organization and petty cash.

Investments

Investments in equity and fixed income mutual funds and corporate bonds are recorded at their fair values in the accompanying statement of financial position. Investment income includes interest, dividends and unrealized gains and losses, and is included in the statements of activities as an increase in net assets without donor restrictions, unless the donor or law restricts the income or loss.

Resale Inventory

The Organization receives a substantial amount of donated goods during the year. At the end of the fiscal year, the Organization estimates the value of donated goods on hand and records the amount as inventory with a corresponding adjustment to in-kind contributions by applying the retail inventory method. This method estimates the inventory value of donated goods based on a 12-month rolling average of retail sales, less cost of sales multiplied by the estimated shelf life of inventory on hand at August 31.

The change in donated inventory on hand at year end is included in contributions of donated goods for resale on the statement of activities.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, at the fair value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000 and having a useful life of more than one year; the fair value of donated property and equipment is similarly capitalized. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 2 to 30 years, except for leasehold improvements which are depreciated using the lesser of the useful life of the asset or the term of the lease.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Rent

The Organization has entered into two office leases which include rent abatements and escalating rent over the term of the lease. In accordance with GAAP, rent cost is accounted for on a straight-line basis over the rent term.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Federal Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the year ended August 31, 2021 and 2020, respectively. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of August 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Financial Instruments and Credit and Market Risk Concentrations

The Organization places cash, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. Balances at financial institutions exceeded federally insured amounts by \$100 as of August 31, 2020. The Organization has not experienced losses on such assets.

The Organization operates mainly in the Tarrant County, Texas area. Therefore, results of operations are subject to economic conditions of the area.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

In some cases, expenses are incurred which support the work performed under more than one program. Such expenses are allocated among various programs on the basis which appears most reasonable. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Personnel expenses are allocated based on estimates of time and effort. Indirect costs of the administration, development and volunteer departments, such as accountant fees, advertising, bank charges, contract services, dues and subscriptions, staff development, employee recognition, insurance, marketing, meetings and travel, occupancy, postage, printing, professional fees, repairs and maintenance, supplies, telephone, technology, utilities, vehicle, other and depreciation expenses, are allocated to the programs and resale expense categories based on the annual estimates of time and effort related to the personnel in the administration, development and volunteer departments.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Subsequent Events

The Organization evaluated for recognition and disclosure all events that occurred after August 31, 2021 through December 1, 2021, the date these consolidated financial statements were available to be issued.

Note 2. Investments

The Organization records its investments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instrument or market and the instrument's complexity.

GAAP establishes 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 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

Level 1 inputs: Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 inputs: Inputs (other than quoted market prices included within level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date. Inputs may include quoted prices for the identified instrument in an inactive market; prices for similar instruments; interest rates, credit risk, and similar data.

Level 3 inputs: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodology used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Equity and fixed income mutual funds are valued at the last sales price on the largest securities exchange in which such securities have been traded on the valuation date, and are classified within Level 1 on the fair value hierarchy. Corporate bonds are valued using quoted prices available from well-known brokers, and are classified within Level 1 on the fair value hierarchy.

Grapevine Relief and Community Exchange

Notes to Financial Statements

The following table sets forth the Organization's investments in the fair value hierarchy as of August 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equity mutual funds	\$ 1,820,752	\$ -	\$ -	\$ 1,820,752
Fixed income mutual funds	1,150,499	-	-	1,150,499
Investments in fair value hierarchy	<u>\$ 2,971,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,971,251</u>

The following table sets forth the Organization's investments in the fair value hierarchy as of August 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equity mutual funds	\$ 550,661	\$ -	\$ -	\$ 550,661
Fixed income mutual funds	1,257,261	-	-	1,257,261
Corporate bonds	-	102,130	-	102,130
Investments in fair value hierarchy	<u>\$ 1,807,922</u>	<u>\$ 102,130</u>	<u>\$ -</u>	<u>\$ 1,910,052</u>

The following reconciles investments in the fair value hierarchy as of August 31, 2021 and 2020 to total investments:

	<u>2021</u>	<u>2020</u>
Investments in fair value hierarchy	\$ 2,971,251	\$ 1,910,052
Cash and cash equivalents	5,006	11,563
Total investments	<u>\$ 2,976,257</u>	<u>\$ 1,921,615</u>

Investment income consisted of the following for the year ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 44,700	\$ 20,056
Unrealized and realized gains	279,823	57,007
	<u>\$ 324,523</u>	<u>\$ 77,063</u>

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Notes to Financial Statements

Note 3. Pledges Receivable

Pledges receivable consist of the following at August 31:

	2021	2020
Receivable in less than one year	\$ 106,401	\$ 112,092
Receivable in one to three years	30,500	35,894
	\$ 136,901	\$ 147,986

As all collections are expected to be within two years or less, pledges receivables value estimates or is approximate to discounted value. Thus, no discount was taken on long-term pledges in years ended August 31, 2021 and 2020.

Note 4. Property and Equipment

Property and equipment consist of the following at August 31:

	2021	2020
Land	\$ 40,000	\$ 40,000
Buildings	5,450,588	5,450,588
Leasehold improvements	550,104	538,814
Furniture and fixtures	10,292	10,292
Equipment	123,213	123,213
Vehicles	201,323	179,606
Construction in process	1,256,039	24,983
	7,631,559	6,367,496
Accumulated depreciation	(1,875,778)	(1,641,289)
Property and equipment, net	\$ 5,755,781	\$ 4,726,207

Depreciation expense for the years ended August 31, 2021 and 2020 totaled \$234,489 and \$217,571, respectively.

Note 5. Mortgage Payable

In November 2019, the Organization purchased property for a sale price of approximately \$1,600,000, which was financed through a promissory note with a financial institution. In April 2021, the Organization modified their loan agreement to allow for renovations to the building. The promissory note is secured by the property purchased, is due in April 2042, and is subject to certain covenants. The Organization was either in compliance or had received a waiver for any covenants as of August 31, 2021 and 2020. The promissory note has an initial interest rate of 3.2% and only interest payments are due and payable until April 2022, at which time principal and interest, at a fixed rate of the Five-Year Treasury Index Rate plus 2.8% adjusted every five years, are payable monthly until maturity.

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Notes to Financial Statements

Future principal maturities of the mortgage payable for the years ending subsequent to August 31, 2021 are as follows:

Years Ending August 31,		
2022	\$	30,359
2023		74,533
2024		76,954
2025		79,453
2026		82,033
Thereafter		<u>1,683,401</u>
	\$	<u><u>2,026,733</u></u>

Note 6. Line of Credit

The Organization has a \$100,000 revolving line of credit with a bank. The line of credit matured April 17, 2018 and bore interest at the prime rate with a floor of 4.0%. The line of credit was renewed in January 2018, with a new maturity date of January 2022 and bears interest at the prime rate. The line of credit is secured by the land and buildings of the Organization, exclusive of the land and buildings included in Note 5 above. No balance was outstanding on the line of credit as of August 31, 2021 and 2020, respectively.

Note 7. Net Assets without Donor Restrictions – Board-Designated

The board of directors has designated net assets for a general endowment fund totaling \$2,588,807 and \$1,583,804 as of August 31, 2021 and 2020, respectively, which are to be held for long-term investment.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at August 31:

	<u>2021</u>	<u>2020</u>
Net assets with donor restrictions - time and purpose	\$ 167,690	\$ 119,151
Net assets with donor restrictions - held in perpetuity	<u>210,751</u>	<u>210,751</u>
	<u>\$ 378,441</u>	<u>\$ 329,902</u>

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Net assets with donor restrictions – time and purpose consisted of the following items related to the capital campaign and other purposes at August 31:

	2021	2020
Time and capital campaign	\$ 93,530	\$ 104,118
Emergency assistance	74,160	15,033
	\$ 167,690	\$ 119,151

As of August 31, 2021 and 2020, net assets with donor restrictions – held in perpetuity consist of endowment funds to be held indefinitely, the income from which is expendable to support program services.

Net assets with donor restrictions – time and purpose were released as follows during years ended August 31:

	2021	2020
Capital campaign	\$ 199,930	\$ 330,943
Clothing	1,525	1,400
Pantry	155,518	205,490
Medical clinic	70,697	118,560
Transitional housing	57,039	37,737
Time and capital campaign	10,588	-
Emergency assistance	620,521	577,658
Other	177,693	-
	\$ 1,293,511	\$ 1,271,788

Note 9. Net Assets with Donor Restrictions – Held In Perpetuity

The Organization’s endowment consists of two funds established for various purposes including both donor-restricted endowment funds and funds designated by the Organization’s board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

During the year ended August 31, 1998, the Organization received a grant in the amount of \$200,000 from the Nannie Hogan Boyd Trust, to create an endowment fund for emergency assistance, case management, and transitional housing for homeless and needy people who have special needs. As a condition of receiving this grant, the Organization has agreed to restrict the use of the earnings to the purposes mentioned above. The grant further stipulates that if any of the monies are not utilized for the designated purposes, the entire unused portion of the grant must be returned to the trustee. All gifts to the endowment as well as earnings thereon are accounted or in accordance with the endowment agreements terms.

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During the year ended August 31, 2014, the Organization received a grant in the amount of \$50,000 from Exxon Mobil Corporation. The board designated these funds and formed the GRACE Endowment. All corpus and earnings on endowment funds are to be used by GRACE to achieve or further its charitable purposes. These funds are shown in net assets without donor restrictions in the accompanying statements of financial position.

Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring "ordinary business care and prudence" regarding the preservation of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies as net assets with donor restrictions – held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of preservation of the funds
- The purposes of the Organization and the endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization's investment policy

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – held in perpetuity is classified as net assets with donor restrictions – time and purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment funds are categorized in the following net asset classes as of August 31, 2021:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2021 Total
Donor-restricted endowment funds	\$ -	\$ 210,751	\$ 210,751
Board-designated endowment funds	2,588,807	-	2,588,807
Total endowment net assets	<u>\$ 2,588,807</u>	<u>\$ 210,751</u>	<u>\$ 2,799,558</u>

Grapevine Relief and Community Exchange

Notes to Financial Statements

Changes in endowment net assets for the year ended August 31, 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2021 Total
Endowment net assets, beginning of year	\$ 1,583,804	\$ 210,751	\$ 1,794,555
Unrealized and realized gains (losses)	255,003	-	255,003
Contributions	750,000	-	750,000
Appropriation of assets for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 2,588,807</u>	<u>\$ 210,751</u>	<u>\$ 2,799,558</u>

Endowment funds are categorized in the following net asset classes as of August 31, 2020:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2020 Total
Donor-restricted endowment funds	\$ -	\$ 210,751	\$ 210,751
Board-designated endowment funds	1,583,804	-	1,583,804
Total endowment net assets	<u>\$ 1,583,804</u>	<u>\$ 210,751</u>	<u>\$ 1,794,555</u>

Changes in endowment funds net assets for the year ended August 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2020 Total
Endowment net assets, beginning of year	\$ 209,395	\$ 210,751	\$ 420,146
Unrealized and realized gains (losses)	24,409	-	24,409
Contributions	1,350,000	-	1,350,000
Appropriation of assets for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ 1,583,804</u>	<u>\$ 210,751</u>	<u>\$ 1,794,555</u>

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long term.

Endowment assets are invested in mutual funds and corporate bonds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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Notes to Financial Statements

The Organization has a policy of appropriating the net interest and dividends of its endowment fund. In establishing this policy, the Organization considers the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through new gifts.

Note 10. In-Kind Contributions

The Organization recognized the following in-kind contributions and expense in the accompanying financial statements during the years ended August 31:

	2021	2020
Emergency assistance supplies	\$ 645,366	\$ 1,036,140
Medical supplies	537,558	138,716
Other supplies	3,573	552
Client Christmas gifts	350,650	266,600
Medical services	203,177	507,717
Use of Facilities	141,238	124,741
Total	\$ 1,881,562	\$ 2,074,466

Note 11. Resale Sales

For years ended August 31, 2021 and 2020, resale sales on the statements of activities consist of \$1,684,223 and \$1,681,836 of cash sales received in the Organization's resale shops, which are shown net of estimated fair value of donated inventory used of \$685,862 and \$710,988 for years ended August 31, 2021 and 2020, respectively. Operating costs related to the Organization's resale shops are included in Resale expenses on the statements of functional expenses and statements of activities for years ended August 31, 2021 and 2020.

Note 12. Leases

The Organization leases resale space under two non-cancelable operating lease agreements expiring in years ended August 31, 2021 and 2025. The leases include rent abatements and fixed rent escalations, which are amortized and recorded over the lease term on a straight-line basis. Rent expense of \$293,761 and \$238,496 is reported in the statements of functional expenses as occupancy expense for the years ended August 31, 2021 and 2020, respectively.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Future minimum lease payments due under these lease agreements are as follows for the years ending August 31:

Years Ending August 31,		
2022	\$	199,763
2023		199,251
2024		205,002
2025		209,792
2026		78,404
	<u>\$</u>	<u>892,212</u>

Note 13. Employee Benefit Plan

The Organization sponsors a 401(k) plan for all qualified employees. The Organization matches employee contributions at a rate of \$1.00 for each employee dollar up to 3% of the employee's salary. Employer contributions to the plan amounted to \$36,232 and \$36,901 during the years ended August 31, 2021 and 2020, respectively.

Note 14. Payroll Protection Program

During year ended August 31, 2020, the Organization received a forgivable loan under the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of \$401,836. The Organization assessed funds expended under the PPP and the related forgiveness requirements (including eligible costs and maintenance of employee counts). All funds were expended over an 8 week period that ended prior to August 31, 2020, in accordance with the requirements of the PPP loan. Accordingly, the funds were recorded as contribution revenue on the accompanying consolidated statement of activities for year ended August 31, 2020. Additionally, in December 2020, the Organization received notice that they had been approved for full forgiveness of their loan of \$401,836 under the PPP.

Grapevine Relief and Community Exchange

Notes to Financial Statements

Note 15. Liquidity

As a nonprofit entity, the Organization receives significant funding in the form of contributions each year from donors, which are restricted to be used in a particular manner. The Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of managing the financial assets, the Organization ensures these become available when obligations come due.

The following reflects the Organization's financial assets as of the financial position date, including amounts not available within one year of the financial position dates. Amounts not available include contributions with donor restrictions.

	2021	2020
Cash	\$ 649,189	\$ 944,962
Investments	2,976,257	1,921,615
Pledges receivable	136,901	147,986
	<hr/>	<hr/>
Total financial assets, year-end	3,762,347	3,014,563
Less grantor and donor-imposed restrictions		
Board-designated endowment funds	(2,588,807)	(1,583,804)
Net assets with donor restrictions	<hr/> (378,441) <hr/>	<hr/> (329,902) <hr/>
Total financial assets not available to be used within one year	<hr/> (2,967,248) <hr/>	<hr/> (1,913,706) <hr/>
Total financial assets available to meet general expenditures within one year	<hr/> <hr/> \$ 795,099	<hr/> <hr/> \$ 1,100,857

Note 16. COVID-19

The Organization is unable to accurately predict how COVID-19 will affect the results of its operations in the 2021-2022 year because the virus' severity and the duration of the pandemic are uncertain. However, in year ended August 31, 2021, the Organization experienced increases in the needs for services provided due to the duration of the pandemic. In addition, the Organization implemented cost-cutting measures to limit the impact and reduce expenses of non-client focused expenses. The extent of the future operational and financial impact that the COVID-19 pandemic may have on the Organization has yet to be determined and is dependent on its duration and spread, any related operational restrictions, and the overall economy.