

# **Grapevine Relief and Community Exchange**

Financial Report  
August 31, 2022

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## Independent Auditor's Report

To the Board of Directors of  
Grapevine Relief and Community Exchange

### Opinion

We have audited the financial statements of Grapevine Relief and Community Exchange (GRACE), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grapevine Relief and Community Exchange as of August 31, 2022 and 2021, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grapevine Relief and Community Exchange and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended August 31, 2022, Grapevine Relief and Community Exchange adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* effective September 1, 2021. This change in accounting principle did not have a material effect on the financial statements. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grapevine Relief and Community Exchange's ability to continue as a going concern for one year after the date that the financial statements are issued (or, when applicable, one year after the date that the financial statements are available to be issued).

The Board of Directors of  
Grapevine Relief and Community Exchange

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grapevine Relief and Community Exchange's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grapevine Relief and Community Exchange's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
December 16, 2022

# Grapevine Relief and Community Exchange

## Statements of Financial Position August 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 703,731	\$ 649,189
Investments	2,757,088	2,976,257
Inventory	126,454	71,444
Pledges receivable	93,442	136,901
Prepaid expenses	153,152	119,658
Other assets	16,844	20,844
Property and equipment, net	5,616,469	5,755,781
<b>TOTAL ASSETS</b>	<b>\$ 9,467,180</b>	<b>\$ 9,730,074</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 113,364	\$ 477,187
Accrued payroll	61,949	48,668
Accrued liabilities	100,991	102,878
Deferred revenue	260,750	260,822
Deferred rent	37,969	38,333
Note payable	2,428,189	2,026,733
Total liabilities	3,003,212	2,954,621
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Board designated	2,430,767	2,588,807
Undesignated	3,744,804	3,808,205
Total net assets without donor restrictions	6,175,571	6,397,012
Net assets with donor restrictions	288,397	378,441
Total net assets	6,463,968	6,775,453
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,467,180</b>	<b>\$ 9,730,074</b>

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

# Grapevine Relief and Community Exchange

## Statements of Activities

Years Ended August 31, 2022 and 2021

	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 1,653,220	\$ 724,160	\$ 2,377,380	\$ 1,292,369	\$ 1,342,050	\$ 2,634,419
Grants	460,532	-	460,532	696,931	-	696,931
In-kind contributions	2,261,816	-	2,261,816	1,881,562	-	1,881,562
Resale sales, net of donated inventory used	933,476	-	933,476	998,361	-	998,361
Contribution of donated goods for resale	821,650	-	821,650	683,245	-	683,245
Client donations	3,987	-	3,987	6,915	-	6,915
Investment income (loss)	(445,327)	-	(445,327)	324,523	-	324,523
Special event, net of direct costs of \$330,895 and \$131,656	640,654	-	640,654	469,080	-	469,080
Loss on disposal of assets	(30,544)	-	(30,544)	-	-	-
Other income	4,742	-	4,742	36,217	-	36,217
Net assets released from restrictions	814,204	(814,204)	-	1,293,511	(1,293,511)	-
Total support and revenue	7,118,410	(90,044)	7,028,366	7,682,714	48,539	7,731,253
<b>EXPENSES</b>						
Program services	4,648,188	-	4,648,188	4,218,385	-	4,218,385
Management and general	197,092	-	197,092	163,190	-	163,190
Resale	1,850,779	-	1,850,779	1,916,113	-	1,916,113
Fundraising	643,792	-	643,792	600,167	-	600,167
Total expenses	7,339,851	-	7,339,851	6,897,855	-	6,897,855
Change in net assets	(221,441)	(90,044)	(311,485)	784,859	48,539	833,398
<b>NET ASSETS, beginning of year</b>	6,397,012	378,441	6,775,453	5,612,153	329,902	5,942,055
<b>NET ASSETS, end of year</b>	<u>\$ 6,175,571</u>	<u>\$ 288,397</u>	<u>\$ 6,463,968</u>	<u>\$ 6,397,012</u>	<u>\$ 378,441</u>	<u>\$ 6,775,453</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, 2022

	Program Services						Supporting Services				2022 Total
	Emergency Assistance	Transitional Housing	Community Clinic	Food Pantry	Other Seasonal	Total	Management and General	Resale	Fundraising	Total	
Salaries and related costs	\$ 442,648	\$ 144,227	\$ 387,081	\$ 166,556	\$ 63,569	\$1,204,081	\$ 141,591	\$ 897,457	\$ 441,938	\$1,480,986	\$2,685,067
Client assistance	577,162	190,339	881,466	730,512	456,098	2,835,577	552	1,297	13,136	14,985	2,850,562
Accountant fees	2,601	865	1,329	1,029	151	5,975	336	10,970	1,926	13,232	19,207
Advertising	115	38	143	101	59	456	3	34,996	7,979	42,978	43,434
Bank charges	3,353	1,096	2,918	3,498	1,710	12,575	5,960	57,816	23,072	86,848	99,423
Contract services	6,911	2,267	8,596	6,079	3,522	27,375	3,673	171,695	2,082	177,450	204,825
Donated space	30,327	7,518	2,261	1,599	66,707	108,412	2,335	19,827	7,392	29,554	137,966
Dues and subscriptions	599	329	1,242	523	194	2,887	1,115	2,488	5,044	8,647	11,534
Staff development	98	838	1,073	720	35	2,764	179	1,041	3,297	4,517	7,281
Employee recognition	6,492	1,695	2,941	2,076	1,066	14,270	3,392	29,421	4,033	36,846	51,116
Insurance	16,227	17,633	23,014	21,099	5,398	83,371	1,534	60,097	7,180	68,811	152,182
Marketing	713	234	959	627	397	2,930	1,171	4,326	40,338	45,835	48,765
Meetings and travel	3,812	2,135	4,317	2,338	2,158	14,760	6,562	9,113	11,146	26,821	41,581
Occupancy	3,420	1,122	4,255	3,009	1,743	13,549	-	270,428	-	270,428	283,977
Other	3,148	114	2,985	3,021	724	9,992	924	13,547	2,843	17,314	27,306
Postage	464	79	604	144	84	1,375	463	5,568	5,406	11,437	12,812
Printing	1,552	121	1,167	121	915	3,876	166	619	33,418	34,203	38,079
Repairs and maintenance	7,921	18,552	7,917	8,970	2,899	46,259	12,207	25,937	4,677	42,821	89,080
Supplies	2,990	9,766	4,886	4,121	4,049	25,812	1,808	34,612	1,684	38,104	63,916
Telephone	10,431	2,877	5,866	3,692	764	23,630	1,642	14,363	4,616	20,621	44,251
Technology	10,974	2,672	16,074	3,212	816	33,748	3,074	38,012	7,072	48,158	81,906
Utilities	13,059	2,805	10,747	12,320	1,528	40,459	5,423	71,871	8,958	86,252	126,711
Vehicle	666	56	211	5,814	87	6,834	987	7,586	120	8,693	15,527
Depreciation	14,303	21,617	43,064	47,466	771	127,221	1,995	67,692	6,435	76,122	203,343
<b>TOTAL EXPENSE BY FUNCTION</b>	<b>\$ 1,159,986</b>	<b>\$ 428,995</b>	<b>\$1,415,116</b>	<b>\$1,028,647</b>	<b>\$615,444</b>	<b>\$4,648,188</b>	<b>\$ 197,092</b>	<b>\$ 1,850,779</b>	<b>\$ 643,792</b>	<b>\$2,691,663</b>	<b>\$7,339,851</b>

The Notes to Financial Statements are an integral part of this statement.

# 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
<b>TOTAL EXPENSE BY FUNCTION</b>	<b>\$ 1,037,053</b>	<b>\$ 379,169</b>	<b>\$1,263,134</b>	<b>\$ 880,492</b>	<b>\$658,537</b>	<b>\$4,218,385</b>	<b>\$ 163,190</b>	<b>\$ 1,916,113</b>	<b>\$ 600,167</b>	<b>\$2,679,470</b>	<b>\$6,897,855</b>

The Notes to Financial Statements are an integral part of this statement.



# Grapevine Relief and Community Exchange

## Statements of Cash Flows

Years Ended August 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (311,485)	\$ 833,398
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	203,343	234,489
Investment (income) loss	445,327	(324,523)
Loss on disposal of assets	30,544	-
Changes in operating assets and liabilities		
Inventory	(55,010)	2,617
Pledges receivable	43,459	11,085
Prepaid expenses	(33,494)	(41,928)
Other assets	4,000	1,033
Accounts payable	(363,823)	413,886
Accrued payroll	13,281	1,899
Accrued liabilities	(1,887)	(9,526)
Deferred revenue	(72)	157,822
Deferred rent	(364)	682
Net cash provided by (used in) operating activities	(26,181)	1,280,934
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from construction note payable	452,499	417,475
Payments on construction note payable	(51,043)	-
Net cash provided by financing activities	401,456	417,475
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(226,158)	(730,119)
Purchases of property and equipment	(94,575)	(1,264,063)
Net cash used in investing activities	(320,733)	(1,994,182)
Net change in cash	54,542	(295,773)
<b>CASH, beginning of year</b>	649,189	944,962
<b>CASH, end of year</b>	\$ 703,731	\$ 649,189
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 83,326	\$ 55,140

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, 2022 and 2021, 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, 2022 and 2021, approximately 32% and 59% of total pledges receivable were due from two and 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.

### **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. Additionally, the Organization also records inventory related to the food pantry, estimating the value of donated food on hand based on a physical inventory.

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 years ended August 31, 2022 and 2021, 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, 2022 and 2021, 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. 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, the 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, depreciation and other 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

### Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), a comprehensive new standard that amends various aspects of existing accounting guidance for leases, including the recognition of a right of use asset and a lease liability for leases with duration greater than one year. The guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This standard can be implemented using a modified retrospective approach, under which provisions are applied to all applicable leases as of the beginning of the earliest period presented, or at the date of adoption with the recognition of a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Early adoption is permitted. The Organization is currently evaluating the effect that the new standard will have on its financial statements; however, the Organization anticipates that upon adoption of the standard it will recognize additional assets and corresponding liabilities related to leases on its statement of financial position.

### Recent Accounting Pronouncements

Additionally, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The guidance is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. This standard should be applied on a retrospective basis. The Organization implemented this guidance in year ended August 31, 2022.

### Subsequent Events

The Organization evaluated for recognition and disclosure all events that occurred after August 31, 2022 through December 16, 2022, the date these 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.

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

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.

The following table sets forth the Organization's investments in the fair value hierarchy as of August 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equity mutual funds	\$ 1,661,830	\$ -	\$ -	\$ 1,661,830
Fixed income mutual funds	<u>1,082,796</u>	<u>-</u>	<u>-</u>	<u>1,082,796</u>
Investments in fair value hierarchy	<u>\$ 2,744,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,744,626</u>

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	<u>1,150,499</u>	<u>-</u>	<u>-</u>	<u>1,150,499</u>
Investments in fair value hierarchy	<u>\$ 2,971,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,971,251</u>

The following reconciles investments in the fair value hierarchy as of August 31, 2022 and 2021 to total investments:

	<u>2022</u>	<u>2021</u>
Investments in fair value hierarchy	\$ 2,744,626	\$ 2,971,251
Cash and cash equivalents	<u>12,462</u>	<u>5,006</u>
Total investments	<u>\$ 2,757,088</u>	<u>\$ 2,976,257</u>

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

Investment income consisted of the following for the year ended August 31, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 68,514	\$ 44,700
Unrealized and realized gains	(513,841)	279,823
	\$ (445,327)	\$ 324,523

### Note 3. Pledges Receivable

Pledges receivable consist of the following at August 31:

	2022	2021
Receivable in less than one year	\$ 93,442	\$ 106,401
Receivable in one to three years	-	30,500
	\$ 93,442	\$ 136,901

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, 2022 and 2021.

### Note 4. Property and Equipment

Property and equipment consist of the following at August 31:

	2022	2021
Land	\$ 991,947	\$ 40,000
Buildings	5,804,065	5,450,588
Leasehold improvements	183,801	550,104
Furniture and fixtures	10,292	10,292
Equipment	143,206	123,213
Vehicles	201,323	201,323
Construction in process	-	1,256,039
	7,334,634	7,631,559
Accumulated depreciation	(1,718,165)	(1,875,778)
Property and equipment, net	\$ 5,616,469	\$ 5,755,781

Depreciation expense for the years ended August 31, 2022 and 2021 totaled \$203,343 and \$234,489, respectively.



# Grapevine Relief and Community Exchange

## Notes to Financial Statements

### 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, 2022 and 2021. The promissory note had 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.

Future principal maturities of the mortgage payable for the years ending subsequent to August 31, 2022 are as follows:

Years Ending August 31,	
2023	\$ 90,807
2024	93,756
2025	96,801
2026	99,944
2027	103,190
Thereafter	1,943,691
	<u>\$ 2,428,189</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 was subsequently renewed in January 2022 with a maturity date of January 2023. The line of credit 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, 2022 and 2021, respectively.

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

The board of directors has designated net assets for a general endowment fund totaling \$2,430,767 and \$2,588,807 as of August 31, 2022 and 2021, respectively, which are to be held for long-term investment.

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

### Note 8. Net Assets with Donor Restrictions

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

	2022	2021
Net assets with donor restrictions - time and purpose	\$ 77,646	\$ 167,690
Net assets with donor restrictions - held in perpetuity	210,751	210,751
	\$ 288,397	\$ 378,441

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

	2022	2021
Time and capital campaign	\$ 37,100	\$ 93,530
Emergency assistance	40,546	74,160
	\$ 77,646	\$ 167,690

As of August 31, 2022 and 2021, 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:

	2022	2021
Capital campaign	\$ -	\$ 199,930
Clothing	1,200	1,525
Pantry	131,793	155,518
Medical clinic	88,387	70,697
Transitional housing	58,459	57,039
Time and capital campaign	59,430	10,588
Emergency assistance	291,282	620,521
Other	183,653	177,693
	\$ 814,204	\$ 1,293,511

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

### **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.

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.

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

Endowment funds are categorized in the following net asset classes as of August 31, 2022:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2022 Total
Donor-restricted endowment funds	\$ -	\$ 210,751	\$ 210,751
Board-designated endowment funds	2,430,767	-	2,430,767
Total endowment net assets	\$ 2,430,767	\$ 210,751	\$ 2,641,518

Changes in endowment net assets for the year ended August 31, 2022 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions - Held in Perpetuity	2022 Total
Endowment net assets, beginning of year	\$ 2,588,807	\$ 210,751	\$ 2,799,558
Unrealized and realized losses	(408,040)	-	(408,040)
Contributions	250,000	-	250,000
Appropriation of assets for expenditure	-	-	-
Endowment net assets, end of year	\$ 2,430,767	\$ 210,751	\$ 2,641,518

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	\$ 2,588,807	\$ 210,751	\$ 2,799,558

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

Changes in endowment funds 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	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>

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.

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:

	2022	2021
Emergency assistance supplies	\$ 959,448	\$ 645,366
Medical supplies	354,355	537,558
Other supplies	4,169	3,573
Client Christmas gifts	291,595	350,650
Medical services	514,284	203,177
Use of Facilities	137,965	141,238
Total	<u>\$ 2,261,816</u>	<u>\$ 1,881,562</u>

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

Contributed nonfinancial assets for the years ended August 31, 2022 and 2021 consisted of the following:

	<u>Revenue Recognized</u> <u>- August 31, 2022</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Emergency assistance supplies	\$ 959,448	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Medical supplies	354,355	Community Clinic	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Other supplies	4,169	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs, Management and General, Resale and Fundraising	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Client Christmas gifts	291,595	Seasonal Programs	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Medical services	514,284	Community Clinic	No associated donor restrictions	Estimated fair value on the basis of values that would be received for similar services in Grapevine, Texas, based on position of resource provider.
Use of Facilities	137,965	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs, Management and General, Resale and Fundraising	No associated donor restrictions	Estimated fair value on the basis of values that would be received for renting comparable storage space in Grapevine, Texas.
	<u>\$ 2,261,816</u>			

# Grapevine Relief and Community Exchange

## Notes to Financial Statements

	<u>Revenue Recognized</u> <u>- August 31, 2021</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Emergency assistance supplies	\$ 645,366	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas. Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Medical supplies	537,558	Community Clinic	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Other supplies	3,573	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs, Management and General, Resale and Fundraising	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas. Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas.
Client Christmas gifts	350,650	Seasonal Programs	No associated donor restrictions	Estimated fair value on the basis of values that would be received for selling similar products in Grapevine, Texas. Estimated fair value on the basis of values that would be received for similar services in Grapevine, Texas, based on position of resource provider.
Medical services	203,177	Community Clinic	No associated donor restrictions	Estimated fair value on the basis of values that would be received for renting comparable storage space in Grapevine, Texas.
Use of Facilities	<u>141,238</u>	Emergency Assistance, Transitional Housing, Community Clinic, Food Pantry, Other Seasonal Programs, Management and General, Resale and Fundraising	No associated donor restrictions	Estimated fair value on the basis of values that would be received for renting comparable storage space in Grapevine, Texas.
	<u>\$ 1,881,562</u>			

### Note 11. Resale Sales

For years ended August 31, 2022 and 2021, resale sales on the statements of activities consist of \$1,700,116 and \$1,684,223 of cash sales received in the Organization's resale shops, which are shown net of estimated fair value of donated inventory used of \$766,640 and \$685,862 for years ended August 31, 2022 and 2021, 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, 2022 and 2021.

### Note 12. Leases

The Organization leases resale space under non-cancelable operating lease agreements. 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 \$283,977 and \$293,761 is reported in the statements of functional expenses as occupancy expense for the years ended August 31, 2022 and 2021, 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,		
2023	\$	198,293
2024		205,002
2025		209,792
2026		78,404
		691,491
	\$	691,491

### 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 \$39,092 and \$36,232 during the years ended August 31, 2022 and 2021, respectively.

### Note 14. 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.

	2022	2021
Cash	\$ 703,731	\$ 649,189
Investments	2,757,088	2,976,257
Pledges receivable	93,442	136,901
Total financial assets, year-end	3,554,261	3,762,347
Less grantor and donor-imposed restrictions		
Board-designated endowment funds	(2,430,767)	(2,588,807)
Net assets with donor restrictions	(288,397)	(378,441)
Total financial assets not available to be used within one year	(2,719,164)	(2,967,248)
Total financial assets available to meet general expenditures within one year	\$ 835,097	\$ 795,099



# **Grapevine Relief and Community Exchange**

## Notes to Financial Statements

### **Note 15. COVID-19**

The Organization is unable to accurately predict how COVID-19 will affect the results of its operations in the 2022-2023 year because the virus' severity and the duration of the pandemic are uncertain. However, in year ended August 31, 2022, 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.