



## **HEARTS FOR HOMES**

Denton, Texas

Financial Statements

For the Year Ended December 31, 2021

With Summarized Comparative Information  
For the Year Ended December 31, 2020

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**Wade R. Moran CPA, PLLC**  
Certified Public Accounting Firm  
**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
HEARTS FOR HOMES  
Denton, Texas

**Opinion**

We have audited the accompanying financial statements of HEARTS FOR HOMES (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HEARTS FOR HOMES as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 HEARTS FOR HOMES 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.

**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 HEARTS FOR HOMES's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**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 generally accepted auditing standards 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 generally accepted auditing standards, 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 HEARTS FOR HOMES'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 HEARTS FOR HOMES'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.

**Report on Summarized Comparative Information**

We have previously audited HEARTS FOR HOMES' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Wade R. Moran, CPA*

**Wade R. Moran CPA, PLLC**

Dallas, Texas

October 26, 2022

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**HEARTS FOR HOMES**  
**Statement of Financial Position**  
**December 31, 2021 With Summarized Comparative Totals for 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents (Note 2-Section 4 and Note 3)	\$ 340,266	\$ 254,967
Accounts Receivables (Note 3 and Note 4)	550	0
Inventory (Note 5)	11,842	12,250
Prepaid Expenses (Rent/Insurance)	<u>2,235</u>	<u>4,474</u>
Total Current Assets	<u>354,893</u>	<u>271,691</u>
Net Property and Equipment (Note 2-Section 5 and Note 6)	<u>31,296</u>	<u>41,315</u>
Other Assets		
Deposits (Note 11)	<u>6,000</u>	<u>6,000</u>
Total Other Assets	<u>6,000</u>	<u>6,000</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>392,189</u></b>	<b>\$ <u>319,006</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	<u>\$ 10,686</u>	<u>\$ 14,000</u>
Total Liabilities (All Current)	10,686	14,000
Net Assets (Note 2-Section 7)		
Without Donor Restrictions	358,923	297,006
With Donor Restrictions (Note 3 and Note 7)	<u>22,580</u>	<u>8,000</u>
Total Net Assets	<u>381,503</u>	<u>305,006</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>392,189</u></b>	<b>\$ <u>319,006</u></b>

The accompanying notes are an integral part of these financial statements.

# HEARTS FOR HOMES

## Statement of Activities

### Year Ending December 31, 2021 With Summarized Comparative Totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
<b>CHANGE IN NET ASSETS</b>				
<b>REVENUE AND PUBLIC SUPPORT</b>				
Contributions (Note 8)	\$ 234,058	\$ 0	\$ 234,058	\$ 196,520
Grants (Note 8)	121,689	22,580	144,269	117,600
Interest Income	84	0	84	109
Gain on Sale of Fixed Asset	420	0	420	3,000
Other Income	0	0	0	422
In-Kind Contributions (Note 9)	60,694	0	60,694	43,450
 Total Revenue and Public Support	 416,945	 22,580	 439,525	 361,101
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions (Note 10)	8,000	(8,000)	0	0
 Total Revenue and Public Support	 424,945	 14,580	 439,525	 361,101
<b>EXPENSES</b>				
Program Services				
Repair Projects	293,163	0	293,163	285,951
Support Services				
Fundraising	27,906	0	27,906	31,740
General and Administrative	41,959	0	41,959	41,545
 Total Expenses	 363,028	 0	 363,028	 359,236
 <b>CHANGE IN NET ASSETS</b>	 61,917	 14,580	 76,497	 1,865
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 297,006	 8,000	 305,006	 303,141
 <b>NET ASSETS AT END OF YEAR</b>	 \$ 358,923	 \$ 22,580	 \$ 381,503	 \$ 305,006

The accompanying notes are an integral part of these financial statements.

**HEARTS FOR HOMES**  
**Statement of Functional Expenses**  
**Year Ending December 31, 2021 With Summarized Comparative Totals for 2020**

<u>Natural Expense Categories</u>	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u> 2021	<u>Total</u> 2020
	<u>Repair Projects</u>	<u>Fundraising</u>	<u>General and</u> <u>Administrative</u>			
Salaries and Wages	\$ 86,073	\$ 24,566	\$ 16,818		\$ 127,457	\$ 153,558
Payroll Taxes	7,049	2,012	1,377		10,438	10,176
Advertising (Note 2-Section 10)	0	208	0		208	31
Professional Services	0	0	8,881		8,881	7,993
Occupancy Costs						
Rent (Note 11)	25,632	0	3,168		28,800	27,000
Taxes and Insurance (Note 11)	5,518	0	682		6,200	7,200
Repairs	2,325	0	287		2,612	859
Utilities	5,635	0	697		6,332	4,959
Depreciation (Note 6)	6,589	0	4,060		10,649	12,014
Insurance	11,473	0	1,418		12,891	10,643
Project Costs*	112,817	0	0		112,817	94,015
Other Costs*						
Automobile	4,397	0	0		4,397	5,257
Donations	900	0	0		900	164
Meals and Entertainment	0	1,120	1,120		2,240	0
Dues and Subscriptions	1,213	0	0		1,213	1,090
Supplies and Office Expenses	9,970	0	2,493		12,463	11,206
Telephone	3,830	0	958		4,788	5,784
Volunteers and Other Costs	9,742	0	0		9,742	7,287
<b>Total Expenses</b>	<b>\$ 293,163</b>	<b>\$ 27,906</b>	<b>\$ 41,959</b>		<b>\$ 363,028</b>	<b>\$ 359,236</b>

\* Expense includes in-kind contributions (See Footnote 8)

The accompanying notes are an integral part of these financial statements.

**HEARTS FOR HOMES**  
**Statement of Cash Flows**  
**Year Ending December 31, 2021 With Summarized Comparative Totals for 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 76,497	\$ 1,865
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	10,649	12,014
Gain on Sale of Fixed Asset	(420)	(3,000)
Change in Accounts Receivables	(550)	0
Change in Inventory	408	181
Change in Prepaid Expenses	2,239	(453)
Change in Accounts Payable and Accrued Liabilities	(3,314)	4,077
Net Cash Provided by Operating Activities	<u>85,509</u>	<u>14,684</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Fixed Asset	420	3,000
Purchase of Fixed Assets	(630)	(26,610)
Net Cash Provided (Used) by Financing Activities	<u>(210)</u>	<u>(23,610)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	85,299	(8,926)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>254,967</u>	<u>263,893</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 340,266</u>	<u>\$ 254,967</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Noncash		
In-Kind Contributions	\$ 60,694	\$ 43,450

The accompanying notes are an integral part of these financial statements.

**HEARTS FOR HOMES**  
Notes to the Financial Statements  
December 31, 2021

**NOTE 1 – NATURE OF ACTIVITIES**

HEARTS FOR HOMES (the “Organization”) is a non-profit Christian outreach providing hope and dignity through home rehab, affording low-income seniors a safe, comfortable, and well-functioning home. The mission of the Organization is to improve the living conditions of low income senior homeowners in Denton County, Texas.

The purpose of the Organization is to work together with other organizations and individuals to identify homeowners who are in need of assistance, (2) to seek and develop funding/donation resources, (3) to provide home repairs, rehabilitation, and/or construction to individuals/families through donated/volunteered/purchased services, (4) to provide oversight and accountability for funds raised, funds distributed, and results achieved, (5) to serve as a central resource for the recruitment, training, and deployment of volunteers, (6) to serve others as our Lord and Savior, Jesus, serves us.

Hearts for Homes provides no-cost home repairs to very low-income senior homeowners based on the following guidelines: (1) 60 years of age or older, (2) resident of Denton County, (3) own their own home, (4) repairs must fall in "need" rather than "want" category, (5) proof of income must be provided, (6) household income is no more than 160% of federal poverty guidelines. Awareness of needy homeowners is supplied by various county social services and health support organizations.

Ministry achievements in Note 14 (including the impact in the community since inception in 2006) denotes that the home repair services provided needy homeowners in the Denton County area were 101 in 2021 and 100 in 2020. The projects included necessary repairs to plumbing, roofing, electrical, flooring, HVAC, appliance replacement, just to name a few. Needy and/or low income seniors can qualify for assistance in needed repairs that will provide a safe living environment.

The Organization’s primary sources of revenue are free-will donations from supporters and the general public. The Organization was incorporated under the laws of the State of Texas.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Management selects accounting principles generally accepted in the United States of America and adopts methods for their application. This summary of significant accounting policies selected by the Organization’s management is presented to assist in understanding the financial statements.

- 1) Basis of Accounting - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred on the accrual basis of accounting.
- 2) Programs - The Organization pursues its objectives through the execution of these major programs:
  - Program Services-The Organization provides no cost home repairs services for low income seniors in Denton County.
  - Supporting Services
    - Fundraising-This program supports the general operations of the Organization.
    - General and administrative-This program supports the general operations of the Organization.
- 3) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, it is reasonably possible for actual results to differ from those estimates.
- 4) Cash Equivalents - For statement of cash flow purposes, cash equivalents include highly liquid investments that are readily convertible to known amounts of cash. The Organization estimates that the fair value of cash and cash equivalents do not differ materially from the aggregate carrying value recorded in the accompanying statement of financial position as of December 31, 2021.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 5) Property and Equipment - It is the Organization's policy to capitalize property and equipment with an acquisition cost greater than \$1,000. Lesser amounts are expensed. Donations of property and equipment are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. The cost of maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets. (See Note 6)
- 6) Impairment of Long-Lived Assets - Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.
- 7) Net Asset Accounting - NEW ACCOUNTING PRONOUNCEMENT - *Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions (net assets subject to donor-imposed restrictions).

The unrestricted net asset class has been renamed net assets without donor restrictions (net assets not subject to donor-imposed restrictions).
- 8) Contributions – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.
- 9) Donated Assets and Services - Donated property is recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. (See Note 14)
- 10) Advertising - The Organization utilizes advertising primarily to promote fundraising efforts. The costs of advertising are expensed when incurred and advertising expense was \$208 for the year ended December 31, 2021.
- 11) Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage/usage basis.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 12) Uncertain Tax Positions - Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private foundation. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2021, the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. With few exceptions, Federal information returns filed prior to 2018 for the Organization are no longer subject to examination.
- 13) Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events – On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year 2020 or 2021. In January 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law.
- 14) Subsequent Events – Management reviewed Type 1 subsequent events (events that reveal conditions existing at or before the balance sheet date and require adjustment to the financial statements) and Type 2 subsequent events (events that reveal conditions arising after the balance sheet date and require disclosure in, but not adjustment to, the financial statements). No subsequent events were noted. Management has evaluated subsequent events after the statement of financial position date of December 31, 2021 through the date the financial statements were available to be issued and concluded that no additional disclosures are required.
- 15) Recent Accounting Pronouncements – The accounting principles governing the reported amounts, presentations, and disclosures in the financial statements are subject to change from time to time based on the issuance of new pronouncements of various standard-setting bodies. New pronouncements not yet in effect as of December 31, 2021, will not have a material effect on the financial statements of financial position, activities, and cash flows.
- 16) Fair Value Measurements and Disclosures - Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides for a fair value hierarchy which 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 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows: *Level 1* - Inputs based on unadjusted quoted prices for identical assets or liabilities accessible at the measurement date, *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, and *Level 3* - Unobservable inputs for the asset or liability including the reporting entity’s own assumptions in determining the fair value measurement. The methods described above may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market techniques, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The estimated fair values of the Organization’s financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, prepaid expenses, deposits, and accounts payable and accrued liabilities approximated their carrying values based on the short-term nature of these items as of December 31, 2021.

**HEARTS FOR HOMES**  
Notes to the Financial Statements  
December 31, 2021

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 17) Prior Year Summarized Financial Information – The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2020 from which the summarized information was derived.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 340,266
Accounts Receivable	<u>550</u>
Total Financial Assets Available	340,816
Less: Donor Imposed Restrictions	<u>(22,580)</u>
Financial Assets Available to Meet Cash Needs	
General Expenditures within One Year	<u>\$ 318,236</u>

**NOTE 4 – RECEIVABLES**

Accounts receivable as of December 31, 2021 relate to donations received via credit card but have not yet hit the Organization’s bank account. The balance of these receivables as of December 31, 2021 was \$550.

**NOTE 5 – INVENTORY**

The inventory consists primarily of home construction materials and supplies purchased or donated by businesses and individuals from the Denton County area. The materials are stored in a 3,470 SF warehouse adjacent to the Organization’s office at 826 E. McKinney in Denton. The donations are in short case lots and for financial reporting the retail value is discounted. The estimated retail value of the inventory is \$47,366, and for financial reporting discounted to 25% of retail or \$11,842 as of December 31, 2021.

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment are used for operating purposes and consisted of the following at December 31, 2021:

Computer Equipment (5 years)	\$ 21,256
Furniture, Equipment and Tools (5-10 years)	37,797
Improvements (5-7 years)	22,437
Vehicles and Trailers (5-7 years)	<u>48,922</u>
Total Property and Equipment	130,412
Less: Accumulated Depreciation	<u>(99,116)</u>
Net Property and Equipment	<u>\$ 31,296</u>

Depreciation expense for the year ended December 31, 2021 was \$10,649.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2021 consist of cash and cash equivalent balances and are available from the following sources:

Purpose (Use) Restriction	<u>\$ 22,580</u>
Total	<u>\$ 22,580</u>

**HEARTS FOR HOMES**  
Notes to the Financial Statements  
December 31, 2021

**NOTE 8 – CONTRIBUTIONS AND GRANTS REVENUE**

Contribution revenues from donors for the year ended December 31, 2021 were from the following sources:

Church Contributions	\$ 21,775
Corporate Contributions	4,524
Individual Contributions	202,637
Other Nonprofit Organizations	<u>5,122</u>
Total	<u>\$ 234,058</u>

Due to COVID-19 restrictions, fundraising events were not held in person. As a result, all fundraising activities were conducted online, via mail, and telephone solicitation. The proceeds from these significant efforts are included in Contribution revenues in 2021.

Grant revenues from other agencies for the year ended December 31, 2021 were from the following sources:

Foundation and Trust Grants	\$ 99,053
United Way Grant	7,196
Small Business Administration	25,720
Other Nonprofit Organization Grants	<u>12,300</u>
Total	<u>\$ 144,269</u>

**NOTE 9 – IN-KIND CONTRIBUTIONS**

In-kind contributions for the year ended December 31, 2021 were used for the following purposes:

Project Costs	\$ 50,794
All Others	<u>9,900</u>
Total	<u>\$ 60,694</u>

**NOTE 10 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions as expenses were incurred which simultaneously satisfied the restricted purposes of the funds. Net assets released during the year ending December 31, 2021 are as follows:

Satisfaction of Program Restrictions	
Purpose (Use) Restriction	<u>\$ 8,000</u>
Total	<u>\$ 8,000</u>

**NOTE 11 - LEASE COMMITMENTS**

The Organization conducts its Denton operations from a facility that is under a non-cancelable operating lease. The leased space is approximately 3,900 SF. The lease term was from June 1, 2014 to May 31, 2017 at a base rent of \$2,000 per month. The lease was extended until May 31, 2020 with a base rent of \$2,100. The lease has been extended again beginning June 1, 2020 and ending May 31, 2023 with a base rent of \$2,400. A security deposit of \$2,000 plus rent prepayment of \$4,000 was required at the inception of the lease. The Organization opts to pay \$500 monthly expense reimbursement payments for real estate taxes, insurance, and common area maintenance.

Future minimum lease payments are:

2022	\$ 34,800
2023 (\$14,500 less \$4,000 prepayment)	<u>10,500</u>
Total future minimum lease payments	<u>\$ 45,300</u>

Rental expenses for this facility included in Occupancy costs were \$28,800 for the year ended December 31, 2021. Insurance and taxes for this facility included in Occupancy costs was \$6,200 for the year ended December 31, 2021.

**HEARTS FOR HOMES**  
Notes to the Financial Statements  
December 31, 2021

**NOTE 12 – CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the organization to concentrations of credit risk consist of cash and cash equivalents on deposit at financial institutions. As of December 31, 2021, total deposits in excess of federally insured limits amounted to \$59,665. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss of cash.

**NOTE 13 – COMPENSATED ABSENCES**

Employees of the Organization are entitled to paid vacation and personal days off, depending on length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization’s policy is to expense the costs of compensated absences when actually paid to employees.

**NOTE 14 – VOLUNTEER CONTRIBUTED SERVICES**

The Organization is assisted by volunteers who contribute services to the organization’s projects. Volunteer hours during the fiscal year ending December 31, 2021 are estimated to be approximately 300. A substantial number of board members also contribute their services to develop programs and assist in program administration. Board member volunteer hours included in the volunteer hours noted above are estimated to be approximately 231. Volunteer services are not recorded in these financial statements since they do not meet the criteria set forth in Note 2 under Donated Assets and Services. The table below denotes the impact the Organization’s volunteers have made on the Denton County community and in the lives of the seniors they serve since inception in 2006. Due to COVID-19 restrictions, volunteer hours significantly decreased in 2020 and remained decreased in 2021 as it has been difficult to re-engage volunteers. This is a trend that has been experienced by a significant number of non-profits.

Year Assisted	Families	Work Days	Volunteer Hours
2006	14	30	1,107
2007	23	106	3,609
2008	19	67	5,967
2009	22	116	5,109
2010	19	135	5,823
2011	24	112	4,894
2012	24	133	6,307
2013	29	172	6,314
2014	28	195	9,284
2015	32	263	6,306
2016	67	359	4,456
2017	73	293	5,967
2018	84	512	4,825
2019	105	747	6,792
2020	100	637	2,776
2021	<u>101</u>	<u>698</u>	<u>1,862</u>
Totals	<u>764</u>	<u>4,575</u>	<u>81,844</u>