

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITORS' REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF ACTIVITIES	7
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
OTHER FINANCIAL INFORMATION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> AND THE <i>UNIFORM GRANT MANAGEMENT STANDARDS OF THE STATE OF TEXAS SINGLE AUDIT CIRCULAR</i>	24
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE UNIFORM GRANT MANAGEMENT STANDARDS STATE OF TEXAS SINGLE AUDIT CIRCULAR	26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AND STATE AWARDS	28
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	29
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	30
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION	31
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	32
CONSOLIDATING STATEMENT OF ACTIVITIES	33



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Presbyterian Night Shelter of Tarrant County and Subsidiaries
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Presbyterian Night Shelter of Tarrant County and Subsidiaries (Shelter), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Uniform Grant Management Standards* of the State of Texas Single Audit Circular. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Presbyterian Night Shelter of Tarrant County and Subsidiaries as of December 31, 2019, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Uniform Grant Management Standards of the State of Texas Single Audit Circular*, respectively, and the accompanying consolidating statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Shelter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Presbyterian Night Shelter of Tarrant County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards* in considering the Shelter's internal control over financial reporting and compliance.

Board of Directors
The Presbyterian Night Shelter of Tarrant County and Subsidiaries

Report on Summarized Comparative Information

We have previously audited the Shelter's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which is has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
September 29, 2020

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 4,042,201	\$ 1,394,425
Government Grants Receivable	949,465	383,998
Other Receivables	61,028	4,806
Prepaid Insurance and Other Assets	147,222	118,067
Promises to Give - Long-Term Purposes, Net	5,641,179	2,302,679
Property and Equipment, Net	26,041,525	26,382,433
Long-Term Investments	13,971,571	11,868,253
Total Assets	\$ 50,854,191	\$ 42,454,661
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 451,765	\$ 317,798
Accrued Liabilities	463,230	319,128
Deferred Tenant Improvements	1,092,831	1,322,635
Deferred Revenue	89,863	43,901
Notes Payable	1,330,000	1,330,000
Total Liabilities	3,427,689	3,333,462
NET ASSETS		
Without Donor Restrictions		
Undesignated	13,734,228	12,876,622
Board Designated Endowment	11,924,098	9,866,464
	25,658,326	22,743,086
With Donor Restrictions		
Purpose Restrictions	8,433,103	2,626,319
True Worth Place	13,335,073	13,751,794
	21,768,176	16,378,113
Total Net Assets	47,426,502	39,121,199
Total Liabilities and Net Assets	\$ 50,854,191	\$ 42,454,661

See accompanying Notes to Financial Statements.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
SUPPORT AND REVENUE				
Contributions	\$ 1,803,438	\$ 8,885,227	\$ 10,688,665	\$ 2,205,089
Government Grants	3,801,743	-	3,801,743	2,573,312
Other Grants	66,264	-	66,264	133,695
Program Fees	2,316,317	-	2,316,317	1,116,286
Rental Income	543,470	-	543,470	514,864
Investment Income, Net of Fees of \$77,020	218,570	-	218,570	204,517
Special Events, Net of Expenses of \$107,396	206,884	-	206,884	203,229
Net Realized and Unrealized Gain (Loss)				
on Investments	2,548,046	-	2,548,046	(1,132,129)
Miscellaneous Income	42,372	-	42,372	41,777
Oil and Gas Revenue	3,558	-	3,558	6,781
Net Assets Released From Restrictions:				
Net Assets Released From Restrictions, Depreciation	416,721	(416,721)	-	-
Satisfaction of Program Restrictions	3,078,443	(3,078,443)	-	-
Total Support and Revenue	<u>15,045,826</u>	<u>5,390,063</u>	<u>20,435,889</u>	<u>5,867,421</u>
EXPENSES				
Program	10,275,565	-	10,275,565	7,907,980
General and Administrative	789,188	-	789,188	715,286
Fundraising	1,065,833	-	1,065,833	585,161
Total Functional Expenses	<u>12,130,586</u>	<u>-</u>	<u>12,130,586</u>	<u>9,208,427</u>
CHANGE IN NET ASSETS	2,915,240	5,390,063	8,305,303	(3,341,006)
Net Assets - Beginning of Year	<u>22,743,086</u>	<u>16,378,113</u>	<u>39,121,199</u>	<u>42,462,205</u>
NET ASSETS - END OF YEAR	<u>\$ 25,658,326</u>	<u>\$ 21,768,176</u>	<u>\$ 47,426,502</u>	<u>\$ 39,121,199</u>

See accompanying Notes to Financial Statements.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	Night Shelter	True Worth Place	Social Enterprise Program	Total Programs	General and Administrative	Fund Raising	Total 2019	Total 2018
Salaries	\$ 2,590,139	\$ 647,574	\$ 1,222,618	\$ 4,460,331	\$ 477,611	\$ 404,711	\$ 5,342,653	\$ 4,184,763
Contract Labor	17,526	22,728	291,876	332,130	1,688	1,251	335,069	350,549
Payroll Taxes and Employee Benefits	436,583	110,782	281,074	828,439	78,722	56,580	963,741	789,618
Total Salaries and Related Expenses	3,044,248	781,083	1,795,568	5,620,899	558,022	462,542	6,641,463	5,324,930
Specific Assistance - Client Housing	1,875,800	39,318	-	1,915,118	200	415	1,915,733	910,026
Specific Assistance - Direct Services	88,432	23,632	-	112,064	-	-	112,064	33,184
Professional Fees	2,327	-	1,326	3,653	31,984	476,638	512,275	235,520
Office Expenses	13,505	2,351	13,328	29,184	23,367	43,210	95,761	81,555
Information Technology	60,457	7,064	12,357	79,878	21,625	16,684	118,187	104,711
Occupancy	712,050	252,578	91,208	1,055,836	32,603	14,177	1,102,616	1,034,525
Conferences, Meetings, and Travel	20,485	1,228	6,969	28,682	4,321	8,314	41,317	38,751
Interest	-	-	-	-	3,599	-	3,599	-
Depreciation	638,507	385,776	-	1,024,283	48,036	21,432	1,093,751	1,082,010
Insurance	63,142	56,383	1,436	120,961	26,483	-	147,444	133,430
Meals and Kitchen	137,756	261	45,935	183,952	24	2,510	186,486	135,262
Equipment Repairs and Maintenance	4,525	1,187	1,350	7,062	25,062	1,107	33,231	29,971
Training	16,069	758	5,062	21,889	2,514	1,336	25,739	17,545
Bad Debt Expense	-	-	-	-	-	305	305	-
Special Events	-	-	-	-	-	107,396	107,396	104,167
All Other	12,793	1,387	57,924	72,104	11,348	17,163	100,615	47,007
	3,645,848	771,923	236,895	4,654,666	231,166	710,687	5,596,519	3,987,664
Total	6,690,096	1,553,006	2,032,463	10,275,565	789,188	1,173,229	12,237,982	9,312,594
Less Expenses netted with revenue on the statement of activities	-	-	-	-	-	(107,396)	(107,396)	(104,167)
Total Expenses	\$ 6,690,096	\$ 1,553,006	\$ 2,032,463	\$ 10,275,565	\$ 789,188	\$ 1,065,833	\$ 12,130,586	\$ 9,208,427

See accompanying Notes to Financial Statements.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 8,305,303	\$ (3,341,006)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	1,093,751	1,082,010
Bad Debt Expense	305	-
Noncash Contribution of Investment Securities	(8,110)	(6,862)
Net Realized and Unrealized Loss (Gain) on Investments	(2,548,046)	1,132,129
(Increase) Decrease in Operating Assets:		
Government Grants Receivable	(565,467)	(86,141)
Other Receivables	(56,527)	5,770
Prepaid Insurance and Other Assets	(29,155)	(28,036)
Promises to Give	(3,338,500)	1,341,152
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	133,967	151,036
Accrued Liabilities	144,102	80,429
Deferred Tenant Improvements	(229,804)	(229,803)
Deferred Revenue	45,962	(5,854)
Contributions Restricted for Long-Term Purposes	(3,239,381)	-
Net Cash Provided by Operating Activities	(291,600)	94,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale and Maturity of Long-Term Investments	3,267,838	2,093,753
Purchase of Long-Term Investments	(2,814,998)	(2,218,080)
Proceeds from Insurance for Hail Damage	-	21,192
Purchase of Property and Equipment	(752,845)	(504,429)
Net Cash Used by Investing Activities	(300,005)	(607,564)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	296,000	-
Proceeds from CDBG Forgiveable Grant	-	30,000
Payments on Line of Credit	(296,000)	-
Proceeds from Contributions Restricted for Investment in		
Property and Equipment	3,239,381	-
Net Cash Provided by Financing Activities	3,239,381	30,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	2,647,776	(482,740)
Cash and Cash Equivalents - Beginning of Year	1,394,425	1,877,165
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,042,201	\$ 1,394,425
SUPPLEMENTAL NONCASH INFORMATION		
Interest Paid	\$ 3,599	\$ -

See accompanying Notes to Financial Statements.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

As the county's largest provider of services to Tarrant County's homeless, Presbyterian Night Shelter of Tarrant County (the Shelter) provides shelter and meals for homeless men, women, and children in Tarrant County, Texas. Guests are provided with access to counseling services to assist them in obtaining permanent housing, employment, financial assistance, and help with substance abuse. Through the Clean Slate Program, guests who want to work are provided with gainful employment and job skill development. The Shelter is supported primarily through individual donor contributions, government grants, private foundations, and area churches.

Lighthouse for the Homeless d.b.a. True Worth Place, the only free area day shelter, is operated by Presbyterian Night Shelter. True Worth Place offers safe and clean day shelter and critical services to its guests including restroom and showers, laundry facilities, mailing address, telephones, computers and temporary storage. As a central resource center for people experiencing homelessness, True Worth Place links guests with local service providers, providing access to health care, employment, education, mental health and substance abuse treatment, benefits, and critical documents including ID's, Social Security cards and birth certificates.

Presbyterian Night Shelter Security, LLC was formed in 2018 in order to allow the Shelter to manage its own security services. Formerly, outside security providers had been hired to provide these services.

Presbyterian Night Shelter Endowment Foundation was formed in 2018 to separately maintain and manage the Shelter's endowment fund. During 2019, the Shelter transferred approximately \$12M worth of investments to this entity for this endowment management.

This summary of significant accounting policies of the Shelter is presented to assist in understanding the Shelter's consolidated financial statements. The consolidated financial statements and notes are representations of the Shelter's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Presbyterian Night Shelter of Tarrant County (Shelter), Lighthouse for the Homeless d.b.a. True Worth Place (TWP), Presbyterian Night Shelter Security, LLC (Security), and Presbyterian Night Shelter Endowment Foundation (Foundation) since they are under common control. Significant intercompany transactions and balances have been eliminated in the consolidation.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Shelter presents the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 and reported in the consolidated statement of activities as Net Assets Released from Restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Shelter considers only cash in banks and on hand as cash and cash equivalents. These cash equivalents are financial instruments that potentially subject the Shelter to concentrations of credit risk. The Shelter places its cash with financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Grants and Accounts Receivable

The Shelter's receivables consist principally of program service fees from governmental agencies. The Shelter utilizes the allowance method for recognition of bad debts. Based on management's assessment of the credit history of grantors, no allowance for doubtful accounts was deemed necessary as of December 31, 2019 and 2018. Bad debt expense was \$305 and \$- respectively, for the years ended December 31, 2019 and 2018.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Received and Contributions Made

Contributions are recognized when unconditional commitments are received and recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional commitments, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Shelter's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$1,957,518 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Property and Equipment

Expenditures for property and equipment in excess of \$5,000 and having a useful life of one year or more are capitalized and recorded on the Shelter's books at cost. Donations of significant property and equipment are recorded as support at their estimated fair value. Such donations are reported as 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Shelter reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Shelter reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Estimated lives by assets class are as follows:

Buildings and Improvements	10-35 years
Machinery and Equipment	3-10 years
Vehicles	10 years
Furniture and Fixtures	5-10 years

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of buildings and equipment is computed on the straight-line basis over their estimated useful lives. The estimated useful lives range from three to thirty five years. Depreciation expense for 2019 and 2018 amounted to \$1,093,751 and \$1,082,010, respectively, and is shown on the accompanying consolidated statement of functional expenses.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated 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.

Income Taxes

The Shelter is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts the Shelter from taxes on income. Accordingly, no provision for income taxes has been made in the consolidated financial statements. The Internal Revenue Service (IRS) has previously classified the Shelter as a public charity. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the years ended December 31, 2019 and 2018.

The Shelter, TWP, and Foundation file as tax-exempt organizations. The tax returns are subject to review and examination by federal and state authorities.

Concentration of Credit Risk

Financial instruments which potentially subject the Shelter to concentrations of credit risk consist primarily of receivables from program services and amounts deposited in banks in excess of the Federal Deposit Insurance Corporation's insured limit.

The Shelter currently invests primarily in U.S. Government obligations, corporate stock and bonds, open and closed-end mutual funds and investment partnerships. Management believes diversity within the portfolio avoids significant concentration of credit risk with respect to these investments.

Investments and Fair Value Measurements

The Shelter follows FASB ASC (Financial Accounting Standards Board Accounting Standards Codification) No. 958-320. Under this section, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurements (continued)

FASB ASC No. 820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Shelter uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The three levels of fair value hierarchy defined by FASB ASC No. 820-10 are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Shelter's needs.

Investments in foundations are carried at the audited net asset value of the investment. For certain investments in foundations which qualify as investment companies, the Shelter has elected to the use of NAV as a practical expedient for measurement of fair market value.

In-Kind Contributions and Donated Services

No amounts have been reflected in the consolidated financial statements for donated services since these services do not meet the requirements for recording under U.S. GAAP. However, a number of volunteers donate significant amounts of their time to the Shelter. In-kind gifts of materials, supplies and goods and gifts of real estate are also valued at their fair market value on the date of the donation.

Functional Allocation of Expenses

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Shelter's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Recent Accounting Guidance

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 for contributions received beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not result in any changes to the opening balances of the consolidated financial statements.

On June 3, the FASB issued guidance, Accounting Standards Update (ASU) 2020-05 – Revenue from Contracts with Customers (Topic 606), that defers the effective dates of the revenue standard, Account Standards Codification (ASC) 606, for entities that have not yet issued financial statements adopting the standards. Early adoption is still permitted. The deferrals of this standard is intended to provide relief to nonpublic companies and not-for-profit entities that have had their implementation efforts delayed by the COVID-19 pandemic. As a result, the Shelter has elected to defer implementation of ASC 606 to the next year.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 DONATION OF TRUE WORTH PLACE

During the year ended December 31, 2017, a building called True Worth Place was donated by a local foundation to the subsidiary of which the Organization is sole member. The value assigned to the building is based on the estimated FMV on the date of donation. The total value of the building at the date of gift is estimated at \$14,585,236.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 DONATION OF TRUE WORTH PLACE (CONTINUED)

The property transferred is subject to an initial deed restriction by Tarrant County Hospital District d/b/a JPS Health Network (JPS) which was carried over to the Shelter. These deed restrictions include the following:

- Construction of a central resource facility (True Worth Place) and related improvements and facilities on the property to serve the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County.
- A lease for the JPS clinic at TWP within two years after all necessary governmental permits and approvals are issued for the construction and operation of TWP.
- TWP must be used solely for the following:
 - o Provide a central resource facility
 - o Serve the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County
 - o House service agencies as necessary to provide for the health and welfare needs of the homeless, indigent and medically underserved in Tarrant County, including, but not limited to, the JPS Clinic.

As long as TWP continues to serve the homeless and lease its facilities to JPS as defined above, the land will not revert back to JPS. Due to the nature of the deed restriction, the property is considered to have donor restrictions.

As a condition to the assumption of deed and operations on True Worth Place, the Organization also received a five year \$7.2 million operational pledge to support True Worth Place from the local foundation. Such receivable is to be net of certain rental proceeds received on the building and is reflected net of discount and such estimated rental proceeds in the Note 3 – Promises to Give.

NOTE 3 PROMISES TO GIVE

The Shelter recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the consolidated statement of activities. Promises to give at December 31, 2019 are expected to be received as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 4,762,137
2021	877,204
2022	40,443
Gross Pledges	<u>5,679,784</u>
Less: Present Value Discount	<u>(38,605)</u>
Net Pledges	<u><u>\$ 5,641,179</u></u>

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2019	2018
Land	\$ 532,731	\$ 532,731
Building and Improvements	29,824,811	29,467,632
Machinery and Equipment	1,557,891	1,446,052
Vehicles	577,466	322,639
Furniture and Fixtures	1,201,302	1,172,302
Total Cost	<u>33,694,201</u>	<u>32,941,356</u>
Less Accumulated Depreciation	<u>(7,652,676)</u>	<u>(6,558,923)</u>
Property and Equipment, Net	<u>\$ 26,041,525</u>	<u>\$ 26,382,433</u>

NOTE 5 LONG-TERM INVESTMENTS

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activities. Long-term investments consist of the following as of December 31:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money Market Fund	\$ 694,880	\$ 694,401	\$ 778,486	\$ 780,102
Equities	9,369,763	5,579,589	7,955,301	5,808,921
Fixed Income	2,548,201	2,490,131	1,802,589	1,886,456
Community Trust Funds	1,358,727	1,186,028	1,331,877	1,389,888
Totals	<u>\$ 13,971,571</u>	<u>\$ 9,950,149</u>	<u>\$ 11,868,253</u>	<u>\$ 9,865,367</u>

NOTE 6 ENDOWMENT

The by-laws of the Shelter provide for the establishment of the Presbyterian Night Shelter Endowment Fund (the Endowment Fund) whereby gifts and bequests designated by the board for endowment are deposited to the Endowment Fund as well as undesignated gifts and bequests in the amount of \$1,000 or more. The net income of the Endowment Fund is available for use by the Shelter for operating purposes upon an approving vote by the board of directors.

As of December 31, 2019, the Shelter's endowment fund consisted of equities, fixed income and money market funds. These funds are designated by the board of directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

At the beginning of each fiscal year, upon recommendation by the Finance Committee and approval by the board, an amount not to exceed 4.5% of the five-year moving average of the market value of the investments, shall be available for the Shelter's operations. Excess amounts may be withdrawn for operations only upon the affirmative vote of 75% of the number of directors serving.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6 ENDOWMENT (CONTINUED)

Composition and Activity of Endowment Funds

Endowment net assets are composed solely of board designated amounts at December 31, 2019 and 2018. The changes in the endowment net assets by net asset classification for the years ended December 31 are as follows:

	Without Donor Restrictions (Designated)	Total
Endowment net assets, December 31, 2017	\$ 10,622,933	\$ 10,622,933
Investment income, net of expenses (including realized and unrealized gains and losses)	(791,490)	(791,490)
Contributions	175,424	175,424
Appropriation of endowment assets for expenditure	<u>(140,403)</u>	<u>(140,403)</u>
Endowment net assets, December 31, 2018	9,866,464	9,866,464
Investment income, net of expenses (including realized and unrealized gains and losses)	2,458,971	2,458,971
Contributions	338,168	338,168
Appropriation of endowment assets for expenditure	<u>(739,505)</u>	<u>(739,505)</u>
Endowment net assets, December 31, 2019	<u>\$ 11,924,098</u>	<u>\$ 11,924,098</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At December 31, 2019, there are no underwater endowments noted.

Return Objectives and Risk Parameters

The Endowment Fund's minimum real rate of return goal of the investment portfolio, adjusted for inflation, is CPI plus 3% net of expenses. It is also expected that the investment portfolio's return will compare favorably with portfolios of similar objectives and asset allocation and selected weighted marker indices. The preferred index is 70% S&P 500 Equity Index and 30% Lehman Aggregate.

The equity portion of the portfolio should range between a minimum of 30% and a maximum of 70% at market value. The fixed income portion should range between these parameters. Deviation from these ranges is subject to approval by the Finance Committee.

Strategies Employed for Achieving Objectives

The Endowment Fund utilizes the assistance of Luther King Capital Management and J.P. Morgan to manage and monitor investments and investment objectives, subject to governance review and approval.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	2019	2018
<u>Purpose Restrictions</u>		
Awesome Outings	\$ 2,462	\$ 2,462
Social Enterprise	-	59,579
Women and Children	143,123	143,015
Client Services	4,713	3,712
Safe Haven	1,887	1,070
Capital Campaign	7,296,527	-
Time Restricted Pledges	-	2,409,020
True Worth - Running Club	-	481
True Worth - Critical Documents	-	6
True Worth - Foot Clinic	464	-
True Worth Operations	983,927	6,974
Total with Purpose Restrictions	8,433,103	2,626,319
 <u>Restricted in Perpetuity</u>		
Land and Buildings Restricted to True Worth Place operations	13,335,073	13,751,794
Total Restricted Funds	\$ 21,768,176	\$ 16,378,113

NOTE 8 FAIR VALUE MEASUREMENT OF INVESTMENTS

Investments as of December 31 are summarized below by their level in fair value hierarchy:

	2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 694,722	\$ -	\$ -	\$ 694,722
Equity Securities	9,130,684	-	-	9,130,684
Fixed Income Securities	-	2,548,201	-	2,548,201
Community Trust Funds	-	-	1,358,727	1,358,727
Subtotal	9,825,406	2,548,201	1,358,727	13,732,334
Investments Measured at Net Assets Value	-	-	-	239,237
Total Investments	\$ 9,825,406	\$ 2,548,201	\$ 1,358,727	\$ 13,971,571
	2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 778,406	\$ -	\$ -	\$ 778,406
Equity Securities	7,845,559	-	-	7,845,559
Fixed Income Securities	-	1,802,589	-	1,802,589
Community Trust Funds	-	-	1,331,877	1,331,877
Subtotal	8,623,965	1,802,589	1,331,877	11,758,431
Investments Measured at Net Assets Value	-	-	-	109,822
Total Investments	\$ 8,623,965	\$ 1,802,589	\$ 1,331,877	\$ 11,868,253

The Shelter accounts for certain interests in a local community foundation fund using net asset value as a practical expedient. The fund seeks to invest in small U.S. companies allocated among managers with distinct growth, value and core strategies. The funds may be redeemed or withdrawn at the request of the Shelter with no notice.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 FAIR VALUE MEASUREMENT OF INVESTMENTS (CONTINUED)

The activity in Level 3 investments during the years ended December 31 is as follows:

	2019	2018
Beginning Balance	\$ 1,331,877	\$ 1,706,565
Transfers In	-	-
Realized and Unrealized Gains (Loss)	234,117	(168,693)
Investment Income, Net	38,679	43,021
Miscellaneous Income	56	28
Sales of Investments (Distributions)	(229,800)	(229,800)
Investment and Administrative Fees	(16,202)	(19,244)
Ending Balance	<u>\$ 1,358,727</u>	<u>\$ 1,331,877</u>

NOTE 9 LINE OF CREDIT AND NOTES PAYABLE

The Shelter maintains an open-ended line of credit with a bank which has a borrowing limit of \$3,000,000 and bears interest at a rate of LIBOR plus 1.90%. The line of credit matures on May 31, 2020. Subsequent to year-end it was renewed with a maturity date of May 31, 2021. Borrowings on the balance up to \$250,000 may be done at management's discretion, while borrowings exceeding \$250,000 and up to \$750,000 must be approved by the Finance Committee. Any borrowings which cause the balance to exceed \$750,000 must have full board approval. The line of credit is secured by certain investments held in the Foundation's board-designated endowment with fair values of \$13,971,571 and \$11,868,253, respectively, as of December 31, 2019 and 2018. There was no outstanding balance on the line of credit as of December 31, 2019 and 2018.

During November 2019, the Shelter was awarded a contingent grant by the Federal Home Loan Bank in the form of a forgivable loan of \$750,000 to assist with the renovation of certain buildings on the main campus. The forgiveness of the loan is contingent on the following primary provisions: 1) project completion occurs within three years after the approval date 2) project meets the applicable eligibility standards set forth in Section 1291.5(c) of the AHP Regulations, 3) the project is maintained for 15 years after projection completion in accordance with the terms of the agreement. The agreement was signed and enforceable at year end, but was not funded until the year 2020.

During 2017, the Shelter was awarded a conditional grant in the form of a forgivable loan of \$300,000 to assist with the renovation of the Lowdon Schutts Building. During 2018, an amendment was made to add \$30,000 of funds for the repair of the HVAC system in the Main Shelter building. The forgiveness of the loan is contingent of the following provisions to take place over a performance period of 5 years beginning on March 10, 2017: 1) The Lowdon Schutts Building located on the property that was rehabilitated must benefit homeless persons during the period of performance, 2) the Shelter must meet the CDBG requirements as outlined in the grant agreement during the performance period, 3) the Shelter must comply with the terms of the contract, the loan documents, and CDBG regulations.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 LINE OF CREDIT AND NOTES PAYABLE (CONTINUED)

During 2017, the Shelter was awarded a contingent grant by the Federal Home Loan Bank in the form of a forgivable loan of \$500,000 to assist with the renovation of the Women's Center/Lowden-Schutts Rehab. The forgiveness of the loan is contingent on the following provisions: 1) the project remains in the Shelter's position for 15 years beginning October 30, 2017 (the retention period), 2) in the event of a sale, the contingent grant must be repaid, 3) the rental units of the project must be occupied by individuals with income at or below certain income levels during the retention period. This loan has been recorded in notes payable in the consolidated statement of financial position.

During 2016, the Shelter was awarded a contingent grant by the Federal Home Loan Bank in the form of a forgivable loan of \$500,000 to assist with construction of a women & children's shelter. The forgiveness of the loan is contingent on the following provisions: 1) the project remains in the Shelter's position for 15 years beginning June 6, 2016 (the retention period), 2) in the event of a sale, the contingent grant must be repaid, 3) the rental units of the project must be occupied by individuals with income at or below certain income levels during the retention period. This loan has been recorded in notes payable in the consolidated statement of financial position.

NOTE 10 EMPLOYEE BENEFIT PLAN

The Shelter sponsors a 401(k) plan for all qualified employees. At its discretion, the Shelter may match a portion of employee contributions, up to the maximum amounts set by the IRS. Employer contributions to the plan amounted to \$33,069 and \$20,092 during the years ended December 31, 2019 and 2018, respectively.

NOTE 11 ECONOMIC DEPENDENCY AND CONCENTRATIONS

The Shelter receives a substantial amount of its support from federal and state government grants and contracts. These grants and contracts require fulfillment of certain conditions as set forth in the grant documents and contracts. Failure to fulfill the conditions could result in the return of funds to grantors or nonrenewal of contract.

Donors with total gifts exceeding 10% of the value of total contributions during the year are considered concentrated donors to the Shelter. There was one donor that comprised 10% of the value of total contributions as of December 31, 2019. There were no donors with total gifts exceeding 10% of the value of total contributions as of December 31, 2018.

NOTE 12 COMMITMENTS AND CONTINGENCIES

On December 16, 2019, the Shelter entered into a construction contract for the renovation of the Men's Shelter. The contract includes a total maximum amount of \$4,519,493 and did not begin until 2020. Per the contract, renovations are not expected to take longer than one calendar year.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 13 LEASES AND DEFERRED TENANT IMPROVEMENTS

True Worth leases a portion of its building to the Tarrant County Hospital District d.b.a JPS Health Network for a 10 year term. The following is a schedule by year of future minimum rentals under the lease at December 31, 2019:

2020	\$	183,632
2021		189,804
2022		195,977
2023		202,149
2024		208,322
Thereafter		490,714
	<u>\$</u>	<u>1,470,598</u>

This agreement includes a tenant improvement reimbursement amount of \$1,724,931 that JPS paid in advance to True Worth. The conditions of the True Worth agreements stipulated that the money be held in a fund with North Texas Community Foundation (NTCF) to be paid out on a regular basis over the term of the lease. The balance held with NTCF at December 31, 2019 and 2018 amounted to \$1,358,727 and \$1,331,877, respectively. The balance in deferred revenue at December 31, 2019 and 2018 was \$1,092,831 and \$1,322,635.

NOTE 14 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at December 31, 2019:

	2019	2018
Cash and Cash Equivalents	\$ 4,042,201	\$ 1,394,425
Government Grants Receivable	949,465	383,998
Other Receivables	61,028	4,806
Promises to Give - Long-Term Purposes, Net	5,641,179	2,302,679
Long-Term Investments	13,971,571	11,868,253
Less: Amounts with Donor Restrictions	(8,433,103)	(2,626,319)
Less: Board Designated Investments Amounts	(11,924,098)	(9,866,464)
Add: Estimated Distributions from Endowment	418,000	461,000
Total	\$ 4,726,243	\$ 3,922,378

The Shelter regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investment of its available funds.

The endowment funds consist of funds designated by the board as endowments. The Shelter's board-designated endowment is subject to an annual spending rate of 4.5% in 2019 as described in Note 6. Although the Shelter does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Shelter receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions as well as support without donor restrictions. In addition, the Shelter also receives a significant amount of funding from federal and state grants primarily funded as cost reimbursement grants. Support without donor restrictions, distributions from endowment, government grants, rental income, and program revenue are used to fund operations. In addition to financial assets available to meet general expenditures over the next 12 months, the Shelter operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statement of cash flows which identifies the sources and uses of the Shelter's cash and shows positive cash generated by operations for the years ended 2019 and 2018.

NOTE 15 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, security, supplies, and campus wide expenses which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 16 SUBSEQUENT EVENTS

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Shelter, COVID-19 may impact various parts of its 2020 operations and financial results, including accounts receivable and investments. Management believes the Shelter is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these event occurred subsequent to year-end and are still developing.

In April of 2020, the Shelter received a loan in the amount of \$1,278,308 and bearing interest annually at 1% to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program as allowed by the 2020 CARES Act legislation. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

In May of 2020, the Shelter signed an agreement with a contractor for renovation of the Men's Shelter in the amount of \$390,674.

Management has evaluated subsequent events through September 29, 2020, the date on which the financial statements were available to be issued.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE *UNIFORM GRANT MANAGEMENT STANDARDS OF THE STATE OF TEXAS SINGLE AUDIT CIRCULAR*

Board of Directors
The Presbyterian Night Shelter of Tarrant County and Subsidiaries
Fort Worth, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*, the consolidated financial statements of The Presbyterian Night Shelter of Tarrant County and Subsidiaries (the Shelter), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Shelter's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shelter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Shelter's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shelter’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Uniform Grant Management Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Uniform Grant Management Standards* in considering the Shelter’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
September 29, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE UNIFORM GRANT
MANAGEMENT STANDARDS OF THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Board of Directors
The Presbyterian Night Shelter of Tarrant County and Subsidiaries
Fort Worth, Texas

Report on Compliance for Each Major Program

We have audited The Presbyterian Night Shelter of Tarrant County and Subsidiaries' (the Shelter) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Uniform Grant Management Standards of the State of Texas Single Audit Circular* that could have a direct and material effect on each of the Shelter's major federal and state programs for the year ended December 31, 2019. The Shelter's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Shelter's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulators Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)*, and the *Uniform Grant Management Standards of the State of Texas Single Audit Circular*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. A compliance audit includes examining, on a test basis, evidence about the Shelter's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Shelter's compliance with those requirements.

Opinion on Each Major Federal and State Program

In our opinion, The Presbyterian Night Shelter of Tarrant County and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Shelter is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Shelter's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness on the Shelter's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and *Uniform Grant Management Standards* of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
September 29, 2020

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS ON FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 or the State of Texas Single Audit Circular? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Findings Relating to the Financial Statement Audit Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards* and 2 CFR Section 200.516

Our audit did not disclose any matters required to be reported in accordance with the above standards.

Section III – Findings and Questioned Costs - Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Entity Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security			
Pass-through Programs from:			
Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	-	\$ 41,148
Total U.S. Department of Homeland Security			<u>41,148</u>
U.S. Department of Housing and Urban Development			
Pass-through Programs from:			
City of Fort Worth			
Emergency Shelter Grants Program	14.231	53244 51628 51663 53137 E-19-UC-48-0001 E-18-UC-48-0001	56,208 114,983 39,279 20,290 41,940 45,774
Community Development Block Grants (cluster)	14.218	51657 53162	113,597 36,197
Tarrant County			
Continuum of Care Program			
Operations	14.267	TX0118L6T011710 TX0118L6T011811	143,878 16,846
Administration	14.267	TX0118L6T011710 TX0118L6T011811	43,022 9,815
Supporting Services	14.267	TX0118L6T011710 TX0118L6T011811	263,500 54,299
Housing Solutions	14.267	TX0118L6T011710 TX0118L6T011811	755,550 155,825
State of Texas - TDHCA			
Emergency Shelter Grant Program	14.231	42196010017	17,134
Emergency Shelter Grant Program	14.231	42186010020	<u>87,889</u>
Total U.S. Department of Housing and Urban Development			<u>2,016,026</u>
Total - Emergency Shelter Grant Program	14.231		<u>423,497</u>
Total - Community Block Development Grant (cluster)	14.218		<u>149,794</u>
Total - Continuum of Care	14.267		<u>1,442,735</u>
U.S. Department of Veterans' Affairs			
Homeless Providers Grant and Per Diem Program	64.024	PNST591-0629-549-SI-18-0 PNST591-0638-549-BH-18-0	338,542 216,169
Total U.S. Department of Veteran Affairs			<u>554,711</u>
Total Federal and State Awards			<u><u>\$ 2,611,885</u></u>

**THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of The Presbyterian Night Shelter of Tarrant County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulators Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)* and *Uniform Grant Management Standards of the State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the Generally Accepted Accounting Principles basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the schedule, The Presbyterian Night Shelter of Tarrant County and Subsidiaries provided no federal awards to subrecipients.

NOTE 4 NONCASH ASSISTANCE

The Shelter did not receive any noncash assistance from federal or state awards for the year ended December 31, 2019.

NOTE 5 LOANS

At year-end, the Shelter had no loans or loan guarantees outstanding with federal or state awarding agencies.

NOTE 6 INDIRECT COST RATES

The Shelter has not elected to use the 10% de minimus indirect cost rate, and continues to use the rates negotiated individually with its grantors.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

The Board of Directors
The Presbyterian Night Shelter of Tarrant County and Subsidiaries
Fort Worth, Texas

We have audited the consolidated financial statements of The Presbyterian Night Shelter of Tarrant County and Subsidiaries as of and for the year ended December 31, 2019 and have issued our report thereon date September 29, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
September 29, 2020

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS	<u>PNS</u>	<u>TWP</u>	<u>Security</u>	<u>Foundation</u>	<u>Eliminating Entries</u>	<u>Consolidated Totals</u>
Cash and Cash Equivalents	\$ 3,300,647	\$ 741,554	\$ -	\$ -	\$ -	\$ 4,042,201
Government Grants Receivable	929,176	20,289	-	-	-	949,465
Other Receivables	12,406	20,000	-	28,622	-	61,028
Related Party Receivable	162,995	100,850	-	-	(263,845)	-
Prepaid Insurance and Other Assets	115,043	44,614	-	-	(12,435)	147,222
Promises to Give - Long-Term Purposes	4,695,856	945,323	-	-	-	5,641,179
Property and Equipment, Net	12,607,023	13,434,502	-	-	-	26,041,525
Cash Restricted for Board-Designated Endowment	-	-	-	-	-	-
Investment in Subsidiary	27,670,438	-	-	-	(27,670,438)	-
Long-Term Investments	303,978	2,047,473	-	11,620,120	-	13,971,571
Total Assets	<u>\$ 49,797,562</u>	<u>\$ 17,354,605</u>	<u>\$ -</u>	<u>\$ 11,648,742</u>	<u>\$ (27,946,718)</u>	<u>\$ 50,854,191</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts Payable	\$ 429,231	\$ 22,534	\$ -	\$ -	\$ -	\$ 451,765
Related Party Payable	100,850	162,995	-	-	(263,845)	-
Accrued Liabilities	445,941	17,289	-	-	-	463,230
Deferred Tenant Improvements	-	1,092,831	-	-	-	1,092,831
Deferred Revenue	102,298	-	-	-	(12,435)	89,863
Notes Payable	1,330,000	-	-	-	-	1,330,000
Total Liabilities	<u>2,408,320</u>	<u>1,295,649</u>	<u>-</u>	<u>-</u>	<u>(276,280)</u>	<u>3,427,689</u>
NET ASSETS						
Without Donor Restrictions						
Undesignated	13,696,968	1,739,491	-	32,160	(1,734,391)	13,734,228
Board Designated Endowment	11,924,098	-	-	11,616,582	(11,616,582)	11,924,098
	<u>25,621,066</u>	<u>1,739,491</u>	<u>-</u>	<u>11,648,742</u>	<u>(13,350,973)</u>	<u>25,658,326</u>
With Donor Restrictions						
Purpose Restrictions	8,433,103	984,392	-	-	(984,392)	8,433,103
True Worth Place	13,335,073	13,335,073	-	-	(13,335,073)	13,335,073
	<u>21,768,176</u>	<u>14,319,465</u>	<u>-</u>	<u>-</u>	<u>(14,319,465)</u>	<u>21,768,176</u>
Total Net Assets	<u>47,389,242</u>	<u>16,058,956</u>	<u>-</u>	<u>11,648,742</u>	<u>(27,670,438)</u>	<u>47,426,502</u>
Total Liabilities and Net Assets	<u>\$ 49,797,562</u>	<u>\$ 17,354,605</u>	<u>\$ -</u>	<u>\$ 11,648,742</u>	<u>\$ (27,946,718)</u>	<u>\$ 50,854,191</u>

THE PRESBYTERIAN NIGHT SHELTER OF TARRANT COUNTY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	PNS	TWP	Security	Foundation	Eliminating Entries	Consolidated Totals
SUPPORT AND REVENUE						
Contributions	\$ 10,585,367	\$ 103,298	\$ -	\$ 11,611,482	\$ (11,611,482)	\$ 10,688,665
In-Kind Contributions	-	-	230,699	-	(230,699)	-
Government Grants	3,702,914	98,829	-	-	-	3,801,743
Other Grants	66,264	-	-	-	-	66,264
Program Fees	2,249,758	66,559	-	-	-	2,316,317
Rental Income	96,293	450,605	-	-	(3,428)	543,470
Net Gain (Loss) from Subsidiary	(1,148,617)	-	-	-	1,148,617	-
Investment Income, Net of Fees of \$77,020	178,416	40,154	-	33,722	(33,722)	218,570
Special Events, Net of Expenses of \$107,396	206,884	-	-	-	-	206,884
Related Party Management Fees	388,705	-	-	-	(388,705)	-
Net Realized and Unrealized Gain (Loss)	-	-	-	-	-	-
on Investments	2,309,177	235,331	-	3,538	-	2,548,046
Miscellaneous Income	42,372	-	-	-	-	42,372
Oil and Gas Revenue	3,558	-	-	-	-	3,558
Total Support and Revenue	<u>18,681,091</u>	<u>994,776</u>	<u>230,699</u>	<u>11,648,742</u>	<u>(11,119,419)</u>	<u>20,435,889</u>
EXPENSES						
Program	8,722,560	1,714,090	195,538	-	(356,622)	10,275,566
General and Administrative	728,672	195,719	18,808	-	(154,011)	789,188
Fundraising	961,816	233,584	16,353	-	(145,921)	1,065,832
Total Functional Expenses	<u>10,413,048</u>	<u>2,143,393</u>	<u>230,699</u>	<u>-</u>	<u>(656,554)</u>	<u>12,130,586</u>
CHANGE IN NET ASSETS	8,268,043	(1,148,617)	-	11,648,742	(10,462,865)	8,305,303
Net Assets - Beginning of Year	<u>39,121,199</u>	<u>17,207,573</u>	<u>-</u>	<u>-</u>	<u>(17,207,573)</u>	<u>39,121,199</u>
NET ASSETS - END OF YEAR	<u>\$ 47,389,242</u>	<u>\$ 16,058,956</u>	<u>\$ -</u>	<u>\$ 11,648,742</u>	<u>\$ (27,670,438)</u>	<u>\$ 47,426,502</u>