



DALLAS MISSION FOR LIFE  
d.b.a DALLAS LIFE

Financial Statements  
With Independent Auditors' Report

December 31, 2017 and 2016

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses–2017	5
Statement of Functional Expenses–2016	6
Statements of Cash Flows	7
Notes to Financial Statements	8

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Dallas Mission for LIFE d.b.a. Dallas LIFE  
Dallas, Texas

We have audited the accompanying financial statements of Dallas Mission for LIFE d.b.a. Dallas LIFE which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
Dallas Mission for LIFE d.b.a. Dallas LIFE  
Dallas, Texas

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dallas Mission for LIFE d.b.a. Dallas LIFE as of December 31, 2017 and 2016, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Grapevine, Texas  
April 23, 2018

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Statements of Financial Position**

	December 31,	
	2017	2016
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,862,865	\$ 622,621
Prepaid expenses and other assets	51,011	31,843
Contribution receivable–net	1,962,087	-
Gift-in-kind inventory	68,380	110,024
Cash held for endowment	100,000	100,000
Property and equipment–net	1,306,341	1,458,815
<b>Total Assets</b>	<b>\$ 5,350,684</b>	<b>\$ 2,323,303</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 28,931	\$ 67,619
Accrued expenses	23,311	34,755
	52,242	102,374
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated	505,632	611,692
Equity in property and equipment	1,306,341	1,458,815
	1,811,973	2,070,507
<b>Temporarily restricted:</b>		
Children’s ministry	34,960	50,422
Time restricted	1,962,087	-
Purpose restricted	1,389,422	-
	3,386,469	50,422
<b>Permanently restricted–Children’s ministry</b>	<b>100,000</b>	<b>100,000</b>
	5,298,442	2,220,929
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,350,684</b>	<b>\$ 2,323,303</b>

See notes to financial statements

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Statements of Activities**

	Year Ended December 31,							
	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Contributions	\$ 1,670,480	\$ 3,590,512	\$ -	\$ 5,260,992	\$ 1,596,144	\$ 372,374	\$ 50,000	\$ 2,018,518
Gift-in-kind contributions	959,970	-	-	959,970	995,609	-	-	995,609
Convenience store sales	494,077	-	-	494,077	466,022	-	-	466,022
Lodging revenue	729,737	-	-	729,737	535,624	-	-	535,624
Special events-net	27,933	-	-	27,933	21,967	-	-	21,967
Other income	23,168	204	-	23,372	7,109	4,345	-	11,454
<b>Total Support and Revenue</b>	<b>3,905,365</b>	<b>3,590,716</b>	<b>-</b>	<b>7,496,081</b>	<b>3,622,475</b>	<b>376,719</b>	<b>50,000</b>	<b>4,049,194</b>
<b>NET ASSETS RELEASED:</b>								
Purpose restrictions	254,669	(254,669)	-	-	401,297	(401,297)	-	-
<b>EXPENSES:</b>								
Program services	3,748,748	-	-	3,748,748	3,806,676	-	-	3,806,676
Supporting activities:								
Management and general	300,358	-	-	300,358	379,803	-	-	379,803
Fund-raising	369,462	-	-	369,462	323,090	-	-	323,090
<b>Total Expenses</b>	<b>4,418,568</b>	<b>-</b>	<b>-</b>	<b>4,418,568</b>	<b>4,509,569</b>	<b>-</b>	<b>-</b>	<b>4,509,569</b>
Change in Net Assets	(258,534)	3,336,047	-	3,077,513	(485,797)	(24,578)	50,000	(460,375)
Net Assets, Beginning of Year	2,070,507	50,422	100,000	2,220,929	2,556,304	75,000	50,000	2,681,304
Net Assets, End of Year	<b>\$ 1,811,973</b>	<b>\$ 3,386,469</b>	<b>\$ 100,000</b>	<b>\$ 5,298,442</b>	<b>\$ 2,070,507</b>	<b>\$ 50,422</b>	<b>\$ 100,000</b>	<b>\$ 2,220,929</b>

See notes to financial statements

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Statement of Functional Expenses**

Year Ended December 31, 2017

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and benefits	\$ 1,571,559	\$ 105,617	\$ 103,298	\$ 1,780,474
Gifts-in-kind	962,027	18,698	10,685	991,410
Occupancy	279,895	30,539	914	311,348
Depreciation	249,983	27,776	-	277,759
Cost of goods sold	276,922	-	-	276,922
Advertising and promotion	140,161	5,316	128,561	274,038
Professional services	21,015	33,894	121,085	175,994
Transportation, food, programs for residents	134,489	-	-	134,489
Other expense	18,057	51,982	544	70,583
Insurance	61,252	6,806	-	68,058
Office expenses	33,388	19,730	4,375	57,493
<b>Total</b>	<b>\$ 3,748,748</b>	<b>\$ 300,358</b>	<b>\$ 369,462</b>	<b>\$ 4,418,568</b>

See notes to financial statements

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Statement of Functional Expenses**

Year Ended December 31, 2016

	Program Services	Supporting Activities		Total
		Management and General	Fund-raising	
Salaries and benefits	\$ 1,516,737	\$ 86,332	\$ 85,880	\$ 1,688,949
Gifts-in-kind	1,081,400	-	-	1,081,400
Occupancy	310,180	34,464	-	344,644
Cost of goods sold	12,980	70,142	210,999	294,121
Depreciation	288,833	-	-	288,833
Professional services	250,384	27,820	-	278,204
Advertising and promotion	36,218	119,455	15,621	171,294
Transportation, food, programs for residents	177,256	-	-	177,256
Office expenses	73,176	8,131	-	81,307
Insurance	20,485	17,347	4,581	42,413
Other expenses	39,027	16,112	6,009	61,148
<b>Total</b>	<b>\$ 3,806,676</b>	<b>\$ 379,803</b>	<b>\$ 323,090</b>	<b>\$ 4,509,569</b>

See notes to financial statements



**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Statements of Cash Flows**

	Year Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,077,513	\$ (460,375)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	277,759	278,204
Cash restricted for long-term endowment	-	(50,000)
Contributions received for long-term purposes	(1,628,425)	-
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(19,168)	18,201
Gift-in-kind inventory	41,644	74,450
Contribution receivable-net	(1,962,087)	-
Accounts payable	(38,688)	3,965
Accrued liabilities	(11,444)	24,276
Net Cash Used by Operating Activities	(262,896)	(111,279)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(125,285)	(110,215)
Net Cash Used by Investing Activities	(125,285)	(110,215)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions received for long-term purposes	1,628,425	-
Net Cash Provided by Financing Activities	1,628,425	-
Net Change in Cash and Cash Equivalents	1,240,244	(221,494)
Cash and Cash Equivalents, Beginning of Year	622,621	844,115
Cash and Cash Equivalents, End of Year	\$ 1,862,865	\$ 622,621

See notes to financial statements

# **DALLAS MISSION FOR LIFE**

## **d.b.a. DALLAS LIFE**

### **Notes to Financial Statements**

December 31, 2017 and 2016

#### **1. NATURE OF ORGANIZATION:**

Dallas Mission for LIFE d.b.a. Dallas LIFE (the Organization), founded in 1954, is a Dallas corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

The Organization was formed to serve the homeless community of Dallas and the surrounding area with a mission to be a place where homeless men, women, and children can receive help and hope during their time of need, to be a path to recovery and self-sufficient living, and to be a promise that there is a way to begin again. To fulfill this mission, the Organization has different recovery programs to meet the needs of individuals, couples, teens, children, families, those with disabilities, and the elderly. Through these recovery programs the Organization provides vocational, educational, and spiritual growth opportunities, in addition to providing food, clothing, and shelter.

The Organization's facilities include housing for up to 700 men, women, and children per day, kitchen and dining area providing 3 balanced meals per day every day of the year, chapel with daily services, library, computer training center, convenience store, and medical and dental clinics where individuals receive not only treatment but are also offered wellness classes on hygiene, nutrition, infections, etc. The Organization assists with employment referrals, graduate equivalency diploma (G.E.D.) classes, counseling services, and more.

Support and revenue is primarily received from the general public, private foundations, corporations, and churches.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash held in checking and money market accounts, and certificates of deposits with a maturity of less than 90 days. These accounts may, at times, exceed federally insured limits. As of December 31, 2017 and 2016, the Organization's cash balances exceeded federally insured limits by \$1,673,446 and \$379,183, respectively. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

# DALLAS MISSION FOR LIFE

## d.b.a. DALLAS LIFE

### Notes to Financial Statements

December 31, 2017 and 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

##### CONTRIBUTION RECEIVABLE–NET

Contributions receivable consists of unconditional promises to give that are recognized when the promise is made. Such amounts are reported at net realizable value based upon estimated future cash flows at a 2.11% discount, which was approximately \$35,212 as of December 31, 2017. Amortization of discounts is included in contribution revenue. An allowance has been recorded based on management's estimate of uncollectibility. Due to uncertainties of collections, it is reasonably possible that management's estimate may change by a material amount in the subsequent year. The allowance as of December 31, 2017, was \$50,000.

Conditional promises to give are not recorded as revenue until all conditions have been substantially met. As of December 31, 2017 and 2016, the Organization had conditional pledges outstanding of \$915,000 and \$0, respectively.

##### GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of donated merchandise, such as clothing, convenience store inventory, and miscellaneous items, used in the Organization's programs. All such inventory is recorded at its estimated fair value and reported at its carrying amount thereafter. During the years ended December 31, 2017 and 2016 the Organization recognized approximately \$14,000 and \$10,000, respectively, of other income in the statements of activities for the sale of contributed clothing that was in excess of what was needed for the Organization's internal programs.

##### PROPERTY AND EQUIPMENT–NET

Land, buildings, and equipment are stated at cost, or if donated, at fair value as of the date of the gift. Purchases or donations in excess of \$5,000 are capitalized with lesser amounts expensed. All capital assets, other than land, are depreciated using the straight-line method with useful lives ranging from 3-40 years.

##### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are currently available for operations under the direction of the board of directors and resources invested in property and equipment.

*Temporarily restricted net assets* are stipulated by donors for specific operating purposes, including projects and support of ministries, or for the acquisition of property and equipment.

*Permanently restricted net assets* include an endowment for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. The donors of these assets permit the use of all or part of the income earned on related investments for specific purposes.

# **DALLAS MISSION FOR LIFE**

## **d.b.a. DALLAS LIFE**

### **Notes to Financial Statements**

December 31, 2017 and 2016

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

##### **CLASSES OF NET ASSETS, continued**

Management of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gift donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. This will then cause the permanently restricted net assets to reflect the historical cost value of the endowment. Investment gains are recorded in unrestricted net assets if there is no donor restriction on the income and in temporarily restricted net assets if the donor placed a restriction on the income. If there are capital losses on donor restricted income, those losses will go first against the temporarily restricted endowment funds and then be recorded in the unrestricted net asset category. All future gains will go first to cover these previously recorded losses before returning to the originally intended net asset category.

The endowment asset is included in cash held for endowment in the statements of financial position as of December 31, 2017 and 2016. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2017 and 2016, there were no deficiencies of this nature.

The Organization has adopted investment and spending policies designed to provide a future stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of such endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, the endowment assets will be invested in a manner that is intended, over the long-term, to provide sufficient growth to offset inflation. The actual return in any given year may vary from these amounts.

##### **SUPPORT, REVENUE, AND EXPENSES**

Contributions are recorded when received, which may be when cash or other assets are received or unconditionally promised. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization's policy is to record support and revenue restricted for specific purposes that were received and spent in the same year as unrestricted.

# DALLAS MISSION FOR LIFE

## d.b.a. DALLAS LIFE

### Notes to Financial Statements

December 31, 2017 and 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

##### SUPPORT, REVENUE, AND EXPENSES, continued

Dallas Life has a convenience store that has small products available for residents and employees to purchase, such as snacks, drinks, and food items. Convenience store sales are recognized when the products are sold. Intake revenue is the nominal fee that is collected when residents enter into programs. Intake revenue is recognized when the intake fee is received which is also when the resident receives the services. Other income is recognized when earned.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are recorded at the fair values of the services received. The *Not-for-Profit* topic of the Financial Accounting Standards Board Accounting Standards Codification requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. The Organization benefits from the services of a substantial number of volunteers that donate their time and efforts generously. However, only the services that meet the criteria above have been recorded as gift-in-kind contributions on the statements of activities. During the years ended December 31, 2017 and 2016, the Organization received \$45,688 and \$43,630, respectively of contributed services from sources such as nurses and doctors in the medical and dental clinic and attorney services.

The Organization also receives a significant amount of donated clothing as discussed above under gift-in-kind inventory and donated food items. The donated food is used by the Organization to provide meals to residents and those in recovery programs. These items are valued at an estimated fair value. For the years ended December 31, 2017 and 2016, the Organization received \$724,289 and \$742,090, respectively of these items, which is included in gift-in-kind contributions on the statements of activities.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

##### SPECIAL EVENTS

The Organization hosted luncheons and a gala event (2016) with the proceeds going to the Organization. For the years ended December 31, 2017 and 2016, the Organization had contributions totaling \$62,705 and \$73,089 which was offset by the cost of the direct benefits that donors received of \$34,772 and \$51,122 respectively.

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Notes to Financial Statements**

December 31, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among program services and supporting activities.

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consists of:

	December 31,	
	2017	2016
Land	\$ 265,466	\$ 265,466
Buildings and improvements	2,885,795	2,839,795
Equipment	573,648	567,492
Furniture and fixtures	266,739	266,739
Vehicles	155,169	155,169
	4,146,817	4,094,661
Construction in progress	73,003	-
	4,219,820	4,094,661
Accumulated depreciation	(2,913,479)	(2,635,846)
	\$ 1,306,341	\$ 1,458,815

4. CONTRIBUTION RECEIVABLE–NET:

Contribution receivable–net consists of the following as of December 31, 2017:

Unconditional contribution receivable before unamortized discount	\$ 2,038,075
Less allowance for doubtful accounts	(50,000)
Less amortized discount	(25,988)
	\$ 1,962,087
Pledges are due to be collected as follows:	
Less than 1 year	\$ 806,408
One to four years	1,155,679
	\$ 1,962,087

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Notes to Financial Statements**

December 31, 2017 and 2016

5. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions received, consist of:

	Year Ended December 31,	
	2017	2016
Food	\$ 724,289	\$ 742,090
Inventory	189,993	209,889
Services	45,688	43,630
	\$ 959,970	\$ 995,609

6. ENDOWMENTS:

The endowment net asset composition by type of fund as of December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ -	\$ 1,716	\$ 100,000	\$ 101,716

Changes in endowment net assets for the year ended December 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 4,345	\$ 100,000	\$ 104,345
Investment loss	-	(2,629)	-	(2,629)
Contributions	-	-	-	-
Endowment net assets, end of year	\$ -	\$ 1,716	\$ 100,000	\$ 101,716

**DALLAS MISSION FOR LIFE**  
**d.b.a. DALLAS LIFE**

**Notes to Financial Statements**

December 31, 2017 and 2016

6. ENDOWMENTS, continued:

The endowment net asset composition by type of fund as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 4,345	\$ 100,000	\$ 104,345

Changes in endowment net assets for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 50,000	\$ 50,000
Investment income	-	4,345	-	4,345
Contributions	-	-	50,000	50,000
Endowment net assets, end of year	\$ -	\$ 4,345	\$ 100,000	\$ 104,345

Permanently restricted net assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by SPMIFA for both the years ended December 31, 2017 and 2016, was \$100,000.

7. CONCENTRATION:

During the years ended December 31, 2017 and 2016, two donors provided 46% and 27% of the Organization's contributions, respectively.

8. RETIREMENT PLAN:

The Organization has a defined contribution plan. Full-time employees are eligible to participate in the plan after one year of service. Eligible employees may contribute up to 5% of eligible compensation to the plan and the Organization matches 100% of the contribution. Employer contributions for the years ended December 31, 2017 and 2016, was \$21,744 and \$25,607, respectively.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 23, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.