



DALLAS MISSION FOR LIFE
d.b.a DALLAS LIFE

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

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

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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, 2019 and 2018, 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 audits 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, 2019 and 2018, and the changes in its net assets, 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, 2020

DALLAS MISSION FOR LIFE
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Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 4,173,536	\$ 2,151,512
Prepaid expenses and other assets	52,541	49,240
Contributions receivable–net	2,527,669	1,695,285
Gift-in-kind inventory	15,595	54,094
Cash held for endowment	100,204	101,920
Property and equipment–net	5,127,375	1,731,790
Total Assets	\$ 11,996,920	\$ 5,783,841
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 644,296	\$ 70,917
Retainage payable	330,841	-
Accrued expenses	48,295	31,647
Notes payable	7,785	-
	1,031,217	102,564
Net Assets:		
Net assets without donor restrictions	1,996,207	1,773,680
Net assets with donor restrictions	8,969,496	3,907,597
	10,965,703	5,681,277
Total Liabilities and Net Assets	\$ 11,996,920	\$ 5,783,841

See notes to financial statements

DALLAS MISSION FOR LIFE
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Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 2,360,736	\$ 5,142,488	\$ 7,503,224	\$ 1,774,599	\$ 898,091	\$ 2,672,690
Gift-in-kind contributions	908,556	-	908,556	1,047,879	-	1,047,879
Convenience store sales	337,205	-	337,205	445,663	-	445,663
Lodging revenue	841,069	-	841,069	846,021	-	846,021
Special events-net	205	-	205	(8,247)	-	(8,247)
Other income	31,342	204	31,546	27,780	204	27,984
Total Support and Revenue	4,479,113	5,142,692	9,621,805	4,133,695	898,295	5,031,990
NET ASSETS RELEASED:						
Purpose and time restrictions	80,793	(80,793)	-	477,167	(477,167)	-
EXPENSES:						
Program services	3,596,331	-	3,596,331	3,818,698	-	3,818,698
Supporting activities:						
Management and general	359,457	-	359,457	339,076	-	339,076
Fundraising	381,591	-	381,591	491,381	-	491,381
Total Expenses	4,337,379	-	4,337,379	4,649,155	-	4,649,155
Change in Net Assets	222,527	5,061,899	5,284,426	(38,293)	421,128	382,835
Net Assets, Beginning of Year	1,773,680	3,907,597	5,681,277	1,811,973	3,486,469	5,298,442
Net Assets, End of Year	\$ 1,996,207	\$ 8,969,496	\$ 10,965,703	\$ 1,773,680	\$ 3,907,597	\$ 5,681,277

See notes to financial statements

DALLAS MISSION FOR LIFE
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Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services			Supporting Activities			Total
	Homeless Recovery	General Wellness	Special Programs	Total Program	Management and General	Fundraising	
Salaries and benefits	\$ 608,175	\$ 445,468	\$ 526,032	\$ 1,579,675	\$ 136,450	\$ 167,209	\$ 1,883,334
Gifts-in-kind	354,565	259,708	306,676	920,949	15,624	8,928	945,501
Occupancy	112,601	82,476	97,392	292,469	30,407	1,795	324,671
Advertising and promotion	22,392	16,402	19,368	58,162	821	190,856	249,839
Depreciation	82,543	60,460	71,395	214,398	23,822	-	238,220
Cost of goods sold	83,948	61,489	72,610	218,047	-	-	218,047
Transportation, food, programs for residents	58,485	42,838	59,229	160,552	2,932	-	163,484
Professional services	9,920	7,266	8,580	25,766	101,244	2,315	129,325
Office expenses	21,033	13,744	16,230	51,007	32,807	8,350	92,164
Insurance	26,116	19,129	22,589	67,834	7,537	-	75,371
Other expenses	2,692	2,192	2,588	7,472	7,813	2,138	17,423
Total	\$ 1,382,470	\$ 1,011,172	\$ 1,202,689	\$ 3,596,331	\$ 359,457	\$ 381,591	\$ 4,337,379

See notes to financial statements

DALLAS MISSION FOR LIFE
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Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services			Supporting Activities			Total
	Homeless Recovery	General Wellness	Special Programs	Total Program	Management and General	Fundraising	
Salaries and benefits	\$ 640,479	\$ 368,434	\$ 539,990	\$ 1,548,903	\$ 132,822	\$ 162,807	\$ 1,844,532
Gifts-in-kind	396,335	290,302	342,804	1,029,441	20,753	11,859	1,062,053
Occupancy	131,454	96,286	113,699	341,439	36,035	2,491	379,965
Cost of goods sold	98,728	72,315	85,393	256,436	-	-	256,436
Depreciation	95,651	70,062	82,732	248,445	27,605	-	276,050
Professional services	14,177	10,384	12,262	36,823	126,840	105,896	269,559
Advertising and promotion	29,363	21,508	25,397	76,268	1,994	198,726	276,988
Transportation, food, programs for residents	58,248	42,665	60,482	161,395	1,998	-	163,393
Office expenses	15,104	11,063	13,064	39,231	32,653	6,315	78,199
Insurance	29,024	21,259	25,104	75,387	8,376	-	83,763
Other expenses	1,898	1,390	1,642	4,930	(50,000)	3,287	(41,783)
Total	\$ 1,510,461	\$ 1,005,668	\$ 1,302,569	\$ 3,818,698	\$ 339,076	\$ 491,381	\$ 4,649,155

See notes to financial statements

DALLAS MISSION FOR LIFE
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Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,284,426	\$ 382,835
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	238,220	276,050
Amortization of loan issuance costs	7,785	-
Contributions received for long-term purposes	(4,310,104)	(898,091)
Change in operating assets and liabilities:		
Cash held for endowment	1,716	(204)
Prepaid expenses and other assets	(3,301)	1,771
Gift-in-kind inventory	38,499	14,286
Accounts payable	(8,539)	32,282
Accrued liabilities	16,648	8,336
Net Cash Provided (Used) by Operating Activities	432,966	(182,735)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,721,046)	(691,795)
Net Cash Used by Investing Activities	(2,721,046)	(691,795)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for long-term purposes	4,310,104	1,164,893
Net Cash Provided by Financing Activities	4,310,104	1,164,893
Net Change in Cash and Cash Equivalents	2,022,024	290,363
Cash and Cash Equivalents, Beginning of Year	2,151,512	1,861,149
Cash and Cash Equivalents, End of Year	\$ 4,173,536	\$ 2,151,512
SUPPLEMENTAL INFORMATION:		
Property and equipment additions in liabilities	\$ 912,759	\$ 9,704

See notes to financial statements

DALLAS MISSION FOR LIFE

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Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, the Organization's cash balances exceeded federally insured limits by approximately \$3,933,000 and \$1,571,000, 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

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Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS 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 1.69% and 3.07% discount, which was approximately \$6,000 and \$22,600 as of December 31, 2019 and 2018, respectively. Amortization of discounts is included in contribution revenue. An allowance has not been recorded based on management's estimate that funds are receivable based on donor communication and payments on existing pledges. Due to uncertainties of collections, it is reasonably possible that management's estimate may change by a material amount in the subsequent year.

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, 2019 and 2018 the Organization recognized approximately \$11,000 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:

Net assets without donor restrictions are currently available for operations under the direction of the board of directors and resources invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, including projects and support of ministries, or for the acquisition of property and equipment. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term.

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Notes to Financial Statements

December 31, 2019 and 2018

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 net assets with donor restrictions in perpetuity (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 net assets with donor restrictions in perpetuity to reflect the historical cost value of the endowment. Investment gains are recorded in net assets without donor restrictions if there is no donor restriction on the income and in net assets with donor restrictions 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 endowment funds with donor restrictions 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, 2019 and 2018. 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, 2019 and 2018, 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restrictions.

DALLAS MISSION FOR LIFE

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Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, the Organization received approximately \$25,000 and \$43,000, 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, 2019 and 2018, the Organization received approximately \$722,000 and \$766,000, 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 turkey fry with the proceeds going to the Organization. For the years ended December 31, 2019 and 2018, the Organization had contributions totaling \$9,075 and \$9,870 which was offset by the cost of the direct benefits that donors received of \$8,568 and \$18,117, respectively.

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Notes to Financial Statements

December 31, 2019 and 2018

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. The Organization allocates salaries and benefits and professional services based on the approximate time spent. Other expenses are allocated based on a percentage of time or resources used. For program services, the amount of clients served in each area was used to allocate program expenses.

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangement and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets by class of net assets or in total.

In 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958)–Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new standard as a resource recipient during the year ended December 31, 2019. The new standard applies evaluation of barriers and rights of return prior to recognition of the contribution. Adoption of this standard had no effect on change in net assets by class of net assets or in total. The primary impact of the adoption of the standard is additional disclosure on conditional contribution, see Note 6.

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Notes to Financial Statements

December 31, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

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

	December 31,	
	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 4,173,536	\$ 2,151,512
Contribution receivable-net	2,527,669	1,695,285
Cash held for endowment	100,204	101,920
Financial assets, at year-end	6,801,409	3,948,717
Less those not available for general expenditure within one year, due to:		
Restrictions by donor with purpose restriction	(2,466,240)	(1,674,522)
Restrictions by donor with time restriction	(2,627,669)	(1,795,285)
Board designated funds for ministry expansion	(2,500)	(2,500)
	(5,096,409)	(3,472,307)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,705,000	\$ 476,410

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's informal policy is to retain three months of operating expenses in cash and cash equivalents.

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Notes to Financial Statements

December 31, 2019 and 2018

4. PROPERTY AND EQUIPMENT–NET:
Property and equipment–net, consists of:

	December 31,	
	2019	2018
Land	\$ 265,466	\$ 265,466
Buildings and improvements	3,312,279	3,147,675
Equipment	605,052	573,648
Furniture and fixtures	206,951	266,739
Vehicles	163,454	163,454
	4,553,202	4,416,982
Construction in progress	3,942,134	504,337
	8,495,336	4,921,319
Accumulated depreciation	(3,367,961)	(3,189,529)
	\$ 5,127,375	\$ 1,731,790

Equity in property and equipment–net, consists of:

Without donor restricted equity in property and equipment	\$ 1,251,788	\$ 1,294,000
With donor restricted equity in property and equipment	3,875,587	437,790
	\$ 5,127,375	\$ 1,731,790

Construction in progress consists of building and renovation costs paid from capital campaign funds raised by the Organization. The building and renovation costs will be released from restriction and depreciated when the building project is complete and has been placed in service.

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Notes to Financial Statements

December 31, 2019 and 2018

5. CONTRIBUTIONS RECEIVABLE–NET:

Contributions receivable–net consists of the following:

	December 31,	
	2019	2018
Unconditional contributions receivable before unamortized discount	\$ 2,533,834	\$ 1,717,857
Less amortized discount	(6,165)	(22,572)
	<u>\$ 2,527,669</u>	<u>\$ 1,695,285</u>
Pledges are due to be collected as follows:		
Less than one year	\$ 2,269,644	\$ 757,190
One to four years	258,025	938,095
	<u>\$ 2,527,669</u>	<u>\$ 1,695,285</u>

6. CONDITIONAL GRANT AND CONTRIBUTION:

During 2018, the Organization was notified that it is the recipient of a grant from the Federal Home Loan Bank of San Francisco (FHLB) to rehabilitate its existing facility for use in the Organization’s programs. The grant contains conditions requiring the property to be used for a specified period of time according to the grant requirements. If the retention period is not met, the grant has a repayment requirement. No funds were received during the years ended December 31, 2019 or 2018 as the project had not officially commenced.

During 2019, the Organization received a \$3,000,000 pledge for the capital campaign. Per the pledge agreement \$2,000,000 was recordable upon receipt but the remaining \$1,000,000 is conditional upon the completion of the project. As such, the remaining balance on the pledge is considered conditional and not recordable until such time as the final condition has been met.

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Notes to Financial Statements

December 31, 2019 and 2018

7. NOTES PAYABLE:

Notes payable consists of the following notes:

	December 31,	
	2019	2018
Note payable to a financial institution consisting of a straight line of credit of \$2,400,000, principal due upon maturity in 2022, variable interest due monthly at the Wall Street Journal Rate plus 1.75% (6.50% at December 31, 2019). The note is collateralized by a first lien and deed of trust on real property and assignment of capital pledges.	\$ 35,025	\$ -
Note payable to a financial institution consisting of a straight line of credit of \$1,620,000, principal due upon maturity in 2020, variable interest due monthly at the Wall Street Journal Rate plus 1.75% (6.50% at December 31, 2019). The note is uncollateralized.	-	-
Unamortized debt issuance costs	(27,240)	-
Notes payable	<u>\$ 7,785</u>	<u>\$ -</u>

Annual maturities are as follows:

Year Ending December 31,		
2020	\$ -	\$ -
2021	-	-
2022	35,025	-
	<u>\$ 35,025</u>	<u>\$ -</u>

The Organization was in compliance with all covenants as of December 31, 2019.

Total interest expense was approximately \$1,600 and \$0 for the years ended December 31, 2019 and 2018. All interest was capitalized during the year ended December 31, 2019.

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Notes to Financial Statements

December 31, 2019 and 2018

8. NET ASSETS:

Net assets consists of the following:

	December 31,	
	2019	2018
Net assets without donor restrictions:		
Undesignated	\$ 741,919	\$ 477,180
Board designated	2,500	2,500
Equity in property and equipment	1,251,788	1,294,000
	1,996,207	1,773,680
Net assets with donor restrictions:		
Time restricted	2,527,669	1,695,285
Purpose restricted	2,466,240	1,674,522
Equity in property and equipment	3,875,587	437,790
Restricted in perpetuity—children’s ministry	100,000	100,000
	8,969,496	3,907,597
Total net assets	\$ 10,965,703	\$ 5,681,277

9. GIFT-IN-KIND CONTRIBUTIONS:

Gift-in-kind contributions received, consist of:

	Year Ended December 31,	
	2019	2018
Food	\$ 722,301	\$ 765,582
Inventory	160,898	239,511
Services	25,357	42,786
	\$ 908,556	\$ 1,047,879

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Notes to Financial Statements

December 31, 2019 and 2018

10. ENDOWMENTS:

The endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 204	\$ 100,000	\$ 100,204

Changes in endowment net assets for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift Amount	
Endowment net assets, beginning of year	\$ -	\$ 1,920	\$ 100,000	\$ 101,920
Investment income	-	204	-	204
Contributions	-	-	-	-
Release of restrictions	-	(1,920)	-	(1,920)
Endowment net assets, end of year	\$ -	\$ 204	\$ 100,000	\$ 100,204

The endowment net asset composition by type of fund as of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift Amount	
Donor restricted endowment funds	\$ -	\$ 1,920	\$ 100,000	\$ 101,716

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10. ENDOWMENTS, continued:

Changes in endowment net assets for the year ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses)	Original Gift Amount	
Endowment net assets, beginning of year	\$ -	\$ 1,716	\$ 100,000	\$ 104,345
Investment loss	-	204	-	(2,629)
Contributions	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,920</u>	<u>\$ 100,000</u>	<u>\$ 101,716</u>

Net assets in perpetuity:

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, 2019 and 2018, was \$100,000.

11. RELATED PARTIES AND CONCENTRATION:

During the years ended December 31, 2019 and 2018, board members and members of senior management contributed 22% and 9% of the Organization's contributions, respectively. Additionally, these individuals also comprised 33% and 78% of the Organization's contributions receivable as of December 31, 2019 and 2018, respectively.

12. 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, 2019 and 2018, were approximately \$25,500 and \$24,600, respectively.

13. COMMITMENTS AND CONTINGENCIES:

The Organization entered in an agreement for construction related to its capital campaign in the initial amount of approximately \$9,300,000. As of December 31, 2019, approximately \$3,924,000 had been expended on the contract, leaving approximately \$5,376,000 remaining.

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14. SUBSEQUENT EVENTS:

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” ultimately classifying the resulting COVID-19 as a pandemic. Federal, state and local governments have mandated various restrictions including travel restrictions, restrictions on public gatherings, stay at home advisories and quarantining of people who may have been exposed to the virus.

In April 2020, the Organization experienced disruption in client services due to COVID-19 for a period of approximately three weeks. Management took action to remediate the disruption and does not anticipate the disruption to have a long-term financial impact on the Organization. The Organization is monitoring receipts and expenditures of mission-critical activities and applying for available government assistance. Management believes the Organization has enough liquidity to fund on going essential operations through this time of uncertainty and beyond.

Subsequent events have been evaluated through April 23, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.