

RAISEUP FAMILIES
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2019

RAISEUP FAMILIES

INDEX

| | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT | 3-4 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS | 5 |
| STATEMENT OF SUPPORT, REVENUE, EXPENSES AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS | 6 |
| STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS | 7 |
| NOTES TO FINANCIAL STATEMENTS | 8-12 |

INDEPENDENT AUDITORS' REPORT

Board of Directors
RaiseUp Families
Houston, Texas

We have audited the accompanying financial statements of RaiseUp Families, (a Texas nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of June 30, 2019, and the related statements of support, revenue, expenses and other changes in net assets - modified cash basis and cash flows - modified cash basis for the year 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 the financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of 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 the significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

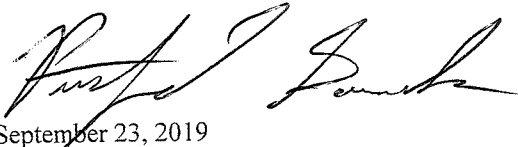
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of RaiseUp Families as of June 30, 2019, and its support, revenue, expenses and other changes in net assets and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



September 23, 2019
Houston, Texas

RAISEUP FAMILIES

**STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS**

JUNE 30, 2019

ASSETS

| | | |
|-------------------------------|-----------|-----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ | 476,279 |
| Prepaid expenses and deposits | | <u>8,445</u> |
| | | 484,724 |
| Property and equipment, net | | <u>1,626</u> |
| Total Assets | \$ | <u>486,350</u> |

LIABILITIES

| | | |
|--|----|--------------|
| Accounts payable and other liabilities | \$ | <u>2,529</u> |
| Total Liabilities | | <u>2,529</u> |

NET ASSETS

| | | | |
|---|-----------|----------------|-----------------------|
| With donor restrictions | \$ | 37,029 | |
| Without donor restrictions | | <u>446,792</u> | |
| Total Net Assets | | | <u>483,821</u> |
| Total Liabilities and Net Assets | \$ | | <u>486,350</u> |

RAISEUP FAMILIES

**STATEMENT OF SUPPORT, REVENUE, EXPENSES AND OTHER
CHANGES IN NET ASSETS - MODIFIED CASH BASIS**

FOR THE YEAR ENDED JUNE 30, 2019

| | |
|--|-------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | |
| SUPPORT AND REVENUE | |
| Contributions and grants | \$ 682,784 |
| Investment income | <u>592</u> |
| Total support and revenue | <u>683,376</u> |
| EXPENSES | |
| Program services | 534,918 |
| Management and general | 68,377 |
| Fundraising | <u>97,891</u> |
| Total expenses | <u>701,186</u> |
| DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>(17,810)</u> |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | |
| SUPPORT | |
| Donor restricted contributions and grants | 7,650 |
| Net assets released from donor restrictions | <u>(9,746)</u> |
| DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS | <u>(2,096)</u> |
| DECREASE IN NET ASSETS | (19,906) |
| NET ASSETS | |
| BEGINNING OF YEAR | <u>503,727</u> |
| END OF YEAR | <u>\$ 483,821</u> |

RAISEUP FAMILIES
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | |
|--|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Decrease in net assets | \$ <u>(19,906)</u> |
| Adjustments to reconcile changes in net assets to net cash used by operating activities: | |
| Depreciation | 579 |
| Increase in prepaid expenses and deposits | (7,247) |
| Decrease in accounts payable and accrued liabilities | <u>(4,249)</u> |
| Total Adjustments | <u>(10,917)</u> |
| NET CASH USED BY OPERATING ACTIVITIES | <u>(30,823)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | <u>(826)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(826)</u> |
| NET DECREASE IN CASH | (31,649) |
| CASH, BEGINNING OF YEAR | <u>507,928</u> |
| CASH, END OF YEAR | <u>\$ 476,279</u> |

RAISEUP FAMILIES

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

RaiseUp Families (the Organization), was incorporated in the State of Texas in 1994 as a nonprofit organization under the name Westside Homeless Partnership, Inc. Effective August 21, 2018, the Organization changed its name to RaiseUp Families. The mission of the Organization is to strengthen families by providing uninterrupted education in a child's learning. RaiseUp Families provides tools, guidance, and resources to empower families to overcome obstacles and discover their potential for a future that might not otherwise be possible. The Organization's programs are primarily focused on families with children within the Spring Branch Independent School District and Katy Independent School District. The Organization is supported primarily through donations by churches, individuals and private foundations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements of the Organization are prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of presentation differs from GAAP in that certain revenues and the related assets are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. Specifically, the Organization does not recognize accounts receivable from unconditional pledges from donors or the related revenue until received. Management has determined that the modified cash basis of accounting as described above is an acceptable basis for the presentation of the financial statements in the circumstances.

Basis of Presentation - The Organization adopted the guidance in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which made certain changes to the presentation of financial statements and disclosures. Among other items, ASU 2016-14 changes the classes of net assets presented on the face of the statement of assets, liabilities and net assets - modified cash basis from three to two (with donor restrictions and without donor restrictions) and requires disclosure of expenses by both function and nature.

Support - Contributions received are recorded as increases in net assets without donor restrictions unless the use of the contributed asset is specifically restricted by the donor.

Contributed services - The Organization receives support in the form of services from donors in connection with its fundraising activities. No amounts have been reflected in the financial statement for donated services.

Cash and cash equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported for cash and cash equivalents in the accompanying statement of assets, liabilities and net assets as of June 30, 2019 approximates fair value.

Property and equipment - Property and equipment is stated at cost or donated value. The Organization capitalizes property and equipment over \$500. Lesser amounts are expensed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years. Expenditures for repairs and maintenance are charged to expense as incurred.

RAISEUP FAMILIES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets - The Organization's long-lived assets are evaluated for impairment in accordance with authoritative guidance which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. No impairment was noted during the year ended June 30, 2019.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated. The most significant estimates are for depreciation and for the functional allocation of expenses.

Federal Income Taxes - The Organization is a nonprofit, tax-exempt, charitable organization, under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as a publicly supported organization. Therefore, no provision for federal income tax has been included in the financial statements.

Cost Allocation - The financial statements report expenses that are attributable to more than one functional classification of expenses (program services, management and general and fundraising). Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes and employee benefits are allocated by function based on estimates of time and effort. Other expenses that are allocated include lease expense, insurance, office and postage, other miscellaneous, printing and copying, technology and IT and telephone and Internet. These expenses are allocated based on management estimates of usage.

Date of Management Review - The Organization's management has evaluated subsequent events through the date the financial statements were available to be issued, which was September 23, 2019.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at June 30, 2019:

| | |
|---------------|-------------------|
| Cash in banks | \$ 475,497 |
| Cash on hand | <u>782</u> |
| | <u>\$ 476,279</u> |

The Organization maintains cash balances at banks which may, at times, exceed the Federally insured limits. The Organization has not experienced any losses from maintaining cash accounts in excess of this limit. At June 30, 2019, the Organization's cash balances exceeded the insured limit by approximately \$66,000.

RAISEUP FAMILIES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019:

| | |
|--|-----------------|
| Furniture and equipment | \$ 6,117 |
| Computers and printers | <u>4,395</u> |
| | 10,512 |
| Less accumulated depreciation and amortization | <u>(8,886)</u> |
| | <u>\$ 1,626</u> |

Depreciation expense amounted to \$579 for the year ended June 30, 2019.

NOTE 5 - NET ASSETS

Net assets with donor restrictions are available for the following purposes at June 30, 2019:

| | |
|---------------------------|------------------|
| Bub/Woodard Memorial Fund | \$ 21,290 |
| Summer Program | 2,607 |
| Dollar a Day Savings Plan | 100 |
| Client Furniture | 3,756 |
| Transportation | 4,319 |
| Back to School | 3,185 |
| College Scholarship | <u>1,772</u> |
| | <u>\$ 37,029</u> |

Net assets with donor restrictions are released from the related restriction by making specific expenditures. Net assets without donor restrictions amounted to \$446,792.

NOTE 6 - SUPPORT

A summary of contributions and grants recognized during the year ended June 30, 2019 follows:

| | |
|-------------|-------------------|
| Individuals | \$ 347,324 |
| Foundations | 148,484 |
| Churches | 116,511 |
| Businesses | <u>68,369</u> |
| | <u>\$ 680,688</u> |

RAISEUP FAMILIES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 - LEASES

The Organization has various leases for office equipment that are classified as operating leases. Future minimum lease payments under the noncancelable operating leases with initial or remaining terms of one year or more as of June 30, 2019 are as follows:

| | | | |
|------------|--|----|-----------|
| 2020 | | \$ | 29,397 |
| 2021 | | | 2,388 |
| 2022 | | | 2,388 |
| 2024 | | | 2,388 |
| 2025 | | | 2,388 |
| Thereafter | | | 398 |
| | | | \$ 39,347 |

Rent expense for the year ended June 30, 2019 amounted to \$27,009.

NOTE 8 - FUNCTIONAL EXPENSES

An analysis of expenses by both function and nature is as follows:

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------------------|--------------------|--------------|
| Salaries | \$ 249,219 | \$ 12,148 | \$ 37,302 | \$ 298,669 |
| Payroll taxes | 19,352 | 941 | 2,892 | 23,185 |
| Employee benefits | 14,605 | 718 | 2,202 | 17,525 |
| Lease expense | 10,804 | 8,102 | 8,103 | 27,009 |
| Transitional rent | 182,488 | - | - | 182,488 |
| Transitional utilities | 13,147 | - | - | 13,147 |
| Other client expenses | 24,548 | - | - | 24,548 |
| Accounting and auditing | - | 8,858 | - | 8,858 |
| Bank and credit card fees | - | - | 5,114 | 5,114 |
| Contract services | 2,401 | 6,664 | - | 9,065 |
| Depreciation | - | 579 | - | 579 |
| Fundraising events | - | - | 31,628 | 31,628 |
| Insurance | 1,733 | 1,299 | 1,300 | 4,332 |
| Office and postage | 2,371 | 1,779 | 1,779 | 5,929 |
| Other miscellaneous | 850 | 638 | 637 | 2,125 |
| Printing and copying | 3,266 | 2,449 | 2,449 | 8,164 |
| Professional fees | - | 18,925 | - | 18,925 |
| Technology and IT | 4,057 | 3,042 | 3,043 | 10,142 |
| Telephone and internet | 1,922 | 1,442 | 1,442 | 4,806 |
| Travel | 4,155 | 793 | - | 4,948 |
| | \$ 534,918 | \$ 68,377 | \$ 97,891 | \$ 701,186 |

RAISEUP FAMILIES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors the liquidity required to meet its operational needs and other contractual commitments. The Organization's sources of liquidity include its cash and cash equivalent balances. In addition to its financial assets available to meet the Organization's general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The following table reflects the financial assets available for general expenditures over the next twelve months:

| | |
|--|-------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 476,279 |
| Total financial assets | <u>476,279</u> |
| Less financial assets unavailable for general expenditures within one year to due to donor restrictions | <u>37,029</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 439,250</u> |

NOTE 10 - INCOME TAX UNCERTAINTIES

The Organization has reviewed its current income tax return, as well as all open tax years. The Organization adopted the policy of recognizing interest and penalties, if any, related to unrecognized tax positions as income tax expense. The Organization did not have any unrecognized tax positions or benefits from tax positions that do not meet the more likely than not criterion. Accordingly, there was no effect on the Organization's financial condition or results of operations for the year ended June 30, 2019. The Federal tax returns of the Organization for the previous three years are subject to examination by the Internal Revenue Service.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2019, which is the date the financial statements were available to be issued. Based on the evaluation, no adjustments to the accompanying financial statements were required.