

# Tomball Emergency Assistance Ministries, Inc.

Independent Auditors' Report and  
Financial Statements for the Year Ended September 30, 2021



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## INDEPENDENT AUDITORS' REPORT

To Those Charged with Governance  
And Management  
Tomball Emergency Assistance Ministries, Inc.  
Tomball, Texas

### Opinion

We have audited the accompanying financial statements of Tomball Emergency Assistance Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tomball Emergency Assistance Ministries, Inc. as of September 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tomball Emergency Assistance Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tomball Emergency Assistance Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

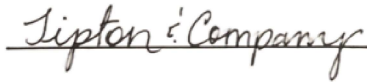
### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tomball Emergency Assistance Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tomball Emergency Assistance Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Tipton & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Tipton & Company  
Certified Public Accountants  
Houston, Texas

February 22, 2022

# Tomball Emergency Assistance Ministries, Inc.

## Statement of Financial Position

*As of September 30, 2021*

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**Assets**

Cash and cash equivalents	\$	524,345
Pledges and grants receivable, net		69,971
Prepaid expenses		16,665
Inventory		273,795
Property and equipment, net		660,967

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**Total Assets** \$ 1,545,743

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**Liabilities and Net Assets**

## Liabilities

Accounts payable	\$	6,069
Accrued expenses		8,808
<b>Total Liabilities</b>		<b>14,877</b>

**Net Assets**

Without donor restrictions		1,446,249
With donor restrictions		84,617
<b>Total Net Assets</b>		<b>1,530,866</b>

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**Total Liabilities and Net Assets** \$ 1,545,743

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# Tomball Emergency Assistance Ministries, Inc.

## Statement of Activities

<b>Year ended September 30, 2021</b>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions and grants	\$ 316,868	\$ 149,013	\$ 465,881
In-kind contributions - food	73,166	-	73,166
Client copay	2,086	-	2,086
Thrift shop sales	365,164	-	365,164
Special events revenue	156,845	-	156,845
Other revenue	102	-	102
Net assets released from restrictions	143,918	(143,918)	-
<b>Total Revenue and Support</b>	<b>1,058,149</b>	<b>5,095</b>	<b>1,063,244</b>
<b>Expenses</b>			
<b>Program Services</b>			
Client assistance	444,557	-	444,557
Thrift shop activities	153,208	-	153,208
Tomball benevolence network	40,386	-	40,386
Other programs	80,505	-	80,505
<b>Total Program Services</b>	<b>718,656</b>	<b>-</b>	<b>718,656</b>
<b>Supporting Services</b>			
Management and general	112,252	-	112,252
Fundraising	6,878	-	6,878
<b>Total Supporting Services</b>	<b>119,130</b>	<b>-</b>	<b>119,130</b>
<b>Total Expenses</b>	<b>837,786</b>	<b>-</b>	<b>837,786</b>
<b>Change in Net Assets</b>	<b>220,363</b>	<b>5,095</b>	<b>225,458</b>
Net Assets, Beginning of Year	1,225,886	79,522	1,305,408
<b>Net Assets, End of Year</b>	<b>\$ 1,446,249</b>	<b>\$ 84,617</b>	<b>\$ 1,530,866</b>

# Tomball Emergency Assistance Ministries, Inc.

## Statement of Functional Expenses

	Program Services						Supporting Services			Total
	Client Assistance	Thrift Shop	Tomball Benevolence Network	Other Programs	Total Program Services	Management and General	Fundraising	Supporting Services		
								\$	\$	
<b>Year ended September 30, 2021</b>										
<b>Salaries and Related Expenses</b>										
Salaries and wages	\$ 27,014	\$ 129,374	\$ 36,750	\$ -	\$ 193,138	\$ 50,170	\$ -	\$ 50,170	\$ 243,308	
Payroll taxes	2,134	9,177	2,867	-	14,178	3,961	-	3,961	18,139	
<b>Total Salaries and Related Expenses</b>	<b>29,148</b>	<b>138,551</b>	<b>39,617</b>	<b>-</b>	<b>207,316</b>	<b>54,131</b>	<b>-</b>	<b>54,131</b>	<b>261,447</b>	
<b>Other Expenses</b>										
Bad debt expense	-	-	-	-	-	4,772	-	4,772	4,772	
Bank and credit card charges	-	12,555	-	-	12,555	-	-	-	12,555	
Client expenses	341,743	-	-	-	341,743	-	-	-	341,743	
Depreciation	-	-	-	31,361	31,361	-	-	-	31,361	
In-kind food	73,166	-	-	-	73,166	-	-	-	73,166	
Insurance	-	-	-	-	-	18,482	-	18,482	18,482	
Legal and professional	-	-	-	-	-	14,968	-	14,968	14,968	
Meals and entertainment	-	-	-	-	-	-	1,127	1,127	1,127	
Miscellaneous	500	48	-	219	767	3,067	-	3,067	3,834	
Office expenses	-	-	699	7,110	7,809	8,412	-	8,412	16,221	
Promotional	-	185	70	1,048	1,303	-	1,043	1,043	2,346	
Repairs and maintenance	-	1,869	-	24,979	26,848	-	-	-	26,848	
Special event expenses	-	-	-	-	-	-	4,708	4,708	4,708	
Utilities	-	-	-	15,788	15,788	8,420	-	8,420	24,208	
<b>Total Other Expenses</b>	<b>415,409</b>	<b>14,657</b>	<b>769</b>	<b>80,505</b>	<b>511,340</b>	<b>58,121</b>	<b>6,878</b>	<b>64,999</b>	<b>576,339</b>	
<b>Total Expenses</b>	<b>\$ 444,557</b>	<b>\$ 153,208</b>	<b>\$ 40,386</b>	<b>\$ 80,505</b>	<b>\$ 718,656</b>	<b>\$ 112,252</b>	<b>\$ 6,878</b>	<b>\$ 119,130</b>	<b>\$ 837,786</b>	

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

# Tomball Emergency Assistance Ministries, Inc.

## Statement of Cash Flows

*Year Ended September 30, 2021*

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ 225,458
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	31,361
Bad debt expense	4,772
Forgiveness of Payroll Protection Program (PPP) refundable advance	(45,900)
Changes in assets and liabilities:	
Pledges and grants receivable	(49,556)
Prepaid expenses	(472)
Inventory	6,087
Accounts payable	2,716
Accrued expenses	7,104
<b>Total Adjustments</b>	<b>(43,888)</b>
<b>Net Change in Operating Activities</b>	<b>181,570</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>181,570</b>
Cash and Cash Equivalents, beginning of year	342,775
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 524,345</b>



# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

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### NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Tomball Emergency Assistance Ministries, Inc. (the Organization) is a coalition of various congregations and affiliate groups incorporated as a non-profit organization under the laws of the State of Texas. The Organization has been serving people of Tomball since 1985. The Organization provides direct assistance to individuals for food, housing, clothing, utilities, medical and transportation needs. The Organization is supported by funds received through donations from corporate and individual donors, member churches, grants from private foundations, and sales revenue from the Organization's resale shop.

The Organization operates a thrift shop store, the Organization's Resale Shop, which sells used clothing and household goods donated by the general public. The store is regularly staffed by volunteers from the congregation and the community. Funds generated from the store operations and other public support have made the welfare services provided by the Organization possible. The Organization also operates a food pantry that provides food and toiletries to eligible clients.

The cost of providing the various programs and other activities are shown in the accompanying statement of functional expenses. The following programs and supporting services are included in the accompanying financial statements:

- *Budget counseling*
- *Food and toiletries from the food pantry* – the food pantry purchases food from the Houston Food Bank, and the Organization receives donations from many individuals, businesses, and organizations. As a result, the Organization is able to provide their client's with groceries, including frozen and canned meats, canned vegetables and bread, and fresh produce. In addition, the Organization distributes items such as shampoo, soap, laundry detergent, diapers, and other hygiene products.
- *Clothing vouchers to the resale shop* – the revenue from the resale shop sales supports the food pantry, social programs, and operating costs.
- *Rent and utilities assistance*
- *Transportation assistance*
- *Medical/dental/vision assistance*
- *Special assistance programs* – food for students, summer food assistance for kids, back to school jacket giveaway, Thanksgiving holiday baskets, Christmas meal & gift program.
- *Assistance through the Tomball Benevolence Network (TBN)* – Tomball Benevolence Network (TBN) is an initiative through the Organization that connects residents in need to resources and services available throughout the Greater Tomball area.

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions,

# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

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board-designated.

- *Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or use for a purpose specified by the donor. 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. Other donor-imposed restrictions are perpetual in nature; where the donor stipulates those resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

### Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### Pledges and Grants Receivable

Pledges and grants receivable that are due within one year are reported at net realizable value. Grants and pledges receivable that are expected to be collected in future years are reported at the present value of the expected future cash flows. The Organization provides an allowance for pledges and grants receivable when it believes balances may not be collected in full. When management determines the receivable will not be collected, the receivables are written off. As of September 30, 2021, the allowance for doubtful accounts was \$4,772.

### Inventory

Inventory is comprised of donated merchandise held by the Organization's Resale Shop and donated food maintained at the Organization's food pantry. The merchandise inventory is valued at the expected thrift store sales price. The food inventory is valued on a rate per pound as estimated by the Houston Food Bank.

### Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	39 years
Building improvements	39 years
Furniture, fixtures, and equipment	3 - 15 years

Additions and betterments of \$2,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

### Contributions and Grants

Contributions and grants are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are reported as increases in net assets with donor restrictions. Conditional contributions are subject to one or more barriers that must be overcome before the Organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been substantially met. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

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### Contributed Services

The Organization receives services donated from volunteers in carrying out their programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

### Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation

### Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, The Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

### Sales Tax

The State of Texas and municipalities within the State impose a sales tax on certain sales. The Organization collects the sales tax from their thrift store and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted from revenue.

### Advertising

The Organization uses advertising to promote its thrift shop and programs among the general public. Advertising costs are expensed as incurred. Advertising expenses for the year ended September 30, 2021 were \$2,346.

### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

### Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

### NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2021 are comprised of the following:

Financial assets:	
Cash and cash equivalents	\$ 524,345
Pledges and grants receivable, net	69,971
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Total financial assets	594,316
Less board designated fund	(100,000)
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	\$ 494,316

The Organization's financial assets have been reduced by amounts not available for general use due to donor-imposed restrictions within one year of the statement of financial position date. The Organization sets a goal of having financial assets on hand to meet 60 days of normal operating expenses, which are, on average, around \$61,000. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

### NOTE 3 – CONCENTRATION OF CREDIT RISKS

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains cash balances at a financial institution located in Texas. At September 30, 2021, the Organization had approximately \$274,000 of cash balances that were not covered by FDIC insurance.

### NOTE 4 – PLEDGES AND GRANTS RECEIVABLE

The Organization receives pledges of future contributions from foundations and corporations. In accordance with authoritative accounting guidance, these pledges to give were recognized as revenue in the period when the pledge is made, rather than as the payments are received.

Pledges and grants receivable at September 30, 2021 consisted of the following:

Due in one year	\$ 74,743
Less: allowance for uncollectible promises	(4,772)
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Pledges and grants receivable, net	\$ 69,971

At September 30, 2021, receivables from one grantor represented forty-six percent (46%) of total pledges and grants receivable.

# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

### NOTE 5 – INVENTORY

The inventory balances as of September 30, 2021 are as follows:

Thrift shop	\$ 244,947
Food pantry inventory	28,848
Total inventory	\$ 273,795

### NOTE 6 – PROPERTY AND EQUIPMENT

As of September 30, 2021, property and equipment consisted of the following:

Land	\$ 469,950
Buildings	628,280
Capital improvements	59,996
Other long-term assets	78,116
Subtotal property and equipment	1,236,342
Less: accumulated depreciation	(575,375)
Total property and equipment, net	\$ 660,967

Depreciation expense charged to operations for the year ended September 30, 2021 was \$31,361.

### NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at September 30, 2021 are comprised of the following:

Undesignated	\$ 1,346,249
Board designated fund	100,000
Total net assets without donor restrictions	\$ 1,446,249

### NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2021 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
United Way – Basic Needs Grant	\$ 37,482
Food Pantry	25,418
Medical Grant	9,096
Hands-Up Ministry	4,746
COVID-19 Assistance Grant	4,689
Resale Shop	3,186
Total net assets with donor restrictions	\$ 84,617

# Tomball Emergency Assistance Ministries, Inc.

## Notes to Financial Statements

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following amounts were released from restrictions for the year ended September 30, 2021:

Satisfaction of purpose restriction:	
United Way – Basic Needs Grant	\$ 76,857
Dental Grant	55,826
Food Pantry	1,311
Medical Grant	6,469
Hands-Up Ministry	141
COVID-19 Assistance Grant	500
Resale Shop	2,814
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Total net assets released from restrictions	\$ 143,918

### NOTE 9 – RISKS AND CONCENTRATIONS

The Organization receives most of its support and revenues from individuals, member churches and other organizations in the Tomball area. Consequently, the Organization is dependent on these parties. Additionally, the Organization provides most of its support to families living in the Tomball zip codes.

### NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued new lease accounting requirements in ASU 2016-02, *Leases* with an effective date for beginning after December 31, 2021. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

### NOTE 11 – SUBSEQUENT EVENTS

Due to the ongoing COVID-19 pandemic, the Organization continues to evaluate current economic conditions and the impact on the Organization's operations for the year ended September 30, 2021, as the long-term effects of the pandemic are uncertain.

The Organization has evaluated subsequent events through February 22, 2022, the date the financial statements were available to be issued.