

Center for the Missing
dba Texas Center for the Missing
Audited Financial Statements
December 31, 2019
(With Independent Auditor's Report Thereon)

Texas Center for the Missing
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Center for the Missing
dba Texas Center for the Missing

I have audited the accompanying financial statements of Center for the Missing dba Texas Center for the Missing (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, statement of functional expenses, and cash flows 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for the Missing dba Texas Center for the Missing as of December 31, 2019, and the changes in its net assets, statement of functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Ruben Castro LLC
Houston, Texas
June 5, 2020

Statement of Financial Position

Center for the Missing
dba Texas Center for the Missing
December 31, 2019

Assets

	<u>2019</u>
Current Assets	
Cash and cash equivalents, unrestricted	\$ 114,279
Cash and cash equivalents, restricted	174,881
Prepaid expenses	<u>10,496</u>
Total Current Assets	299,656
Investments	60,302
Property and equipment, net	<u>-</u>
Total Assets	<u><u>\$ 359,958</u></u>

Liabilities and Net Assets

Liabilities

Current Liabilities

Payroll Liabilities	\$ 20,618
Deferred revenues	<u>3,135</u>
Total Liabilities	23,753

Net assets

Net assets without donor restrictions	117,205
Net assets with donor restrictions	
Time restricted	-
Purpose restricted	219,000
Total Net assets with donor restrictions	<u>219,000</u>
Total Net Assets	336,205
Total Liabilities and Net Assets	<u><u>\$ 359,958</u></u>

See accompanying notes to financial statements.

Statement of Activities
Center for the Missing
dba Texas Center for the Missing
For the Year Ended December 31, 2019

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	2019 Total
Public Support and Revenues			
Public Support			
Contributions and grants	\$ 85,037	\$ 24,696	\$ 109,733
Government grants - HGAC	50,309	-	50,309
Government grants - ICAC	11,359	-	11,359
In-kind contributions	48,883	-	48,883
Special events, net of expenses of \$107,130	135,117	-	135,117
Dividends and interest	4,178	-	4,178
Unrealized gains (losses)	13,779	-	13,779
Other income	2,534	-	2,534
Net assets released from restrictions	12,846	(12,846)	-
Total Income	364,042	11,850	375,892
Expenses			
Program Services			
Program services	295,030	-	295,030
Supporting Services			
Fundraising	30,706	-	30,706
General and administrative	14,727	-	14,727
Total Expenses	340,463	-	340,463
Change in net assets	\$ 23,579	\$ 11,850	\$ 35,429
Net Assets, Beginning of Year	93,626	207,150	300,776
Net Assets, End of Year	\$ 117,205	\$ 219,000	\$ 336,205

See accompanying notes to financial statements.

Statement of Functional Expenses
Center for the Missing
dba Texas Center for the Missing
For the Year Ended December 31, 2019

	Program	Management and general	Fundraising	2019 Total
Expenses				
Accounting Services	\$ 3,200	\$ 400	\$ 400	\$ 4,000
Dues and Subscriptions	20	-	-	20
Equipment	1,594	100	299	1,993
Fees	1,227	152	1,534	2,913
Fundraising Expense	2,185	546	2,732	5,463
In-Kind Expenses	48,394	489	-	48,883
Insurance	128	8	15	151
Mileage Reimbursement	1,868	60	60	1,988
Postage and Delivery	832	48	87	967
Professional Development/Training	816	26	17	859
Program Development	7,399	-	-	7,399
Program Printing/Publications	5,271	-	-	5,271
Software	1,335	-	-	1,335
Salaries and Benefits	214,943	12,644	25,287	252,874
Supplies	2,003	42	63	2,108
Telecommunications	3,815	212	212	4,239
Total Operating Expenses	\$ 295,030	\$ 14,727	\$ 30,706	\$ 340,463

See accompanying notes to financial statements.

Statement of Cash Flows
Center for the Missing
dba Texas Center for the Missing
For the Year Ended December 31, 2019

	2019
Cash flows from operating activities	
Change in net assets	\$ 35,429
Adjustments to reconcile changes in net assets to net cash	
Unrealized gains losses on investments	(13,779)
Decrease in pledges receivable	12,000
Decrease in prepaid expenses	7,373
Decrease in deferred revenues	(9,665)
Decrease in payroll liabilities	(1,663)
Net cash provided by operating activities	29,695
Cash flows from investing activities	
Net sales of investments	749
Net cash provided by investing activities	749
Net increase (decrease) in cash and cash equivalents	30,444
Cash and cash equivalents at beginning of year	258,716
Cash and cash equivalents at end of year	\$ 289,160

See accompanying notes to financial statements.

Note 1 – Nature of organization and significant accounting policies

Nature of Organization – Texas Center for the Missing (TCM) was chartered as Gabriel's Gifts Charitable Foundation on March 15, 2000, and changed its name in April 2006. TCM's purpose is to bring hope and healing to the missing and their families through crisis intervention, prevention, and community education.

Basis of Accounting – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, support and revenue is recognized when earned and expenses are recognized when incurred. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The financial statements are presented in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Update No. 2016--14, Financial Statements of Not-for-Profit Organizations (Topic 958). Accordingly, information regarding financial position and activities are reported according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. These classes of net assets are based on the existence or absence of donor imposed restrictions. Accordingly, the net Assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed stipulations and reflect revenues earned and expenses incurred in the operation of the Organization's activities. Board designations are self-imposed limits due to actions of the governing board. This includes designations made by internal management in those instances where the governing board has delegated these decisions to management.

Net assets with donor restrictions

Donor restricted net assets are subject to donor-imposed stipulations that limit the use of the donated asset. When a donor restriction is satisfied, either through the passage of time (time restrictions) or actions of the Organization (purpose restrictions), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as "net assets released".

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, TCM considers all short-term investments, with an original maturity of three months or less when purchased, to be cash equivalents.

Restricted Cash – Restricted cash represents funds received with donor-imposed restrictions to underwrite specific programs.

Note 1 – Nature of organization and significant accounting policies (continued)

Investments – In accordance with FASB ASC 320, investments in marketable securities with readily determinable fair market values are presented at their fair values in the statement of financial position. Gains and losses due to market adjustments are recognized as the market fluctuates and unrealized gains and losses are reported in the statement of activities.

Property and Equipment – Purchased property and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Individual items of furniture, fixtures, and equipment are depreciated over periods varying from five to seven years. Purchases are capitalized if they are considered capital in nature, the costs exceed \$500, and are expected to have a useful life of greater than one year.

Public Support, Revenue, and Promises to Give – TCM receives the majority of its revenue from contributions and grants from individuals, corporations, and foundations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions that are received and expended in the same year are classified as unrestricted. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Federal Income Tax Status – TCM qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for federal income taxes is made in the financial statements. Additionally, contributions made to TCM qualify for the charitable contribution deduction under the provisions of the Internal Revenue Code. TCM is not a private foundation under provisions of the Internal Revenue Code. For the fiscal year ended December 31, 2019, TCM did not record any liabilities for uncertain tax positions or income taxes. TCM does not expect the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve (12) months. As of December 31, 2019, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the fiscal year 2016 forward. TCM is not subject to the Texas margin tax.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Donated Materials and Services – A substantial number of volunteers have made significant contributions of their time and effort to the Organization's programs and supporting services. The value of this contributed time is not reflected in the financial statements since it does not require a specialized skill.

Donated materials and equipment are reflected as in-kind donations in the accompanying statements at their estimated values at date of receipt (see Note 5). Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Texas Center for the Missing
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1 – Nature of organization and significant accounting policies (continued)

Compensated Absences – TCM limits its employees' carry-over of unused sick leave and accrued vacation to the following year up to a maximum of thirty days. As of December 31, 2019, TCM has accrued a liability for unused sick leave and vacation pay totaling \$20,618.

Note 2 – Concentrations

In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term. TCM's geographic areas served are concentrated in and around Harris County, Texas.

Note 3 – Credit risk

TCM maintains its cash and cash equivalent balances in financial institutions, which from time to time exceeds amounts insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2019, TCM did not have deposits in excess of the federally insured amount.

Note 4 – Pension plan

TCM has established a defined contribution pension plan, commonly referred to as a 403(b) plan, which is available to all full-time employees. Employee contributions are matched by TCM up to a maximum of 6% of the employee's compensation. Employer contributions are reported as an expense of TCM in the accompanying financial statements and amounted to \$8,493 for the calendar year ended December 31, 2019.

Note 5 – In-kind contributions

TCM received the following in-kind contributions during the year ended December 31, 2019:

	<u>2019</u>
Program Related – Digital Billboard	\$ 40,000
Rent	8,883
Total property and equipment	<u>\$ 48,883</u>

Note 6 – Property and equipment

Property and equipment are summarized by major classifications as follows at December 31, 2019:

	<u>2019</u>
Furniture and equipment	\$ 2,914
Less: Accumulated depreciation	<u>(2,914)</u>
Total property and equipment	<u>\$ -</u>

Depreciation expense for the year ended December 31, 2019, was \$0.

Texas Center for the Missing
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 7 – Investments

Investments are presented in the statement of financial position at fair value based on quoted market prices at year-end. Investments consist of the following as of December 31, 2019:

	Fair Value	Cost
Exchange Traded Products	\$ 58,013	\$ 26,582
Mutual Funds	2,289	1,480
Total	\$ 60,302	\$ 28,062

NOTE 8 – Fair value measurements

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or an amount paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Measurements and Disclosures establish a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. TCM's financial instruments carried at fair value consist of investments. The fair value of TCM's investments is determined by observable prices for identical or similar assets in active markets. The following table shows the fair value classification of TCM's investments that are required to be measured at fair value as of December 31, 2019:

Fair Value Measurements at December 31, 2019:

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Exchange Traded Products	\$ 58,013	\$ 58,013	\$ -	\$ -
Mutual Funds	2,289	2,289	-	-
Total Investments	\$ 60,302	\$ 60,302	\$ -	\$ -

Texas Center for the Missing
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 9 – Donor restricted net assets

As of December 31, 2019, TCM's donor restricted net assets balance was \$219,000 which is reflected in TCM's Statement of Financial Position as both restricted cash and investments. Donor restricted net assets are for use in the subsequent fiscal year and upon satisfaction of donor-imposed stipulations. Net assets of \$12,846 were released from donor restrictions during the year ended December 31, 2019, by incurring expenses satisfying the restrictions specified by donors.

Donor restricted net assets at December 31, 2019, are restricted for the following purposes:

	<u>2019</u>
Endowment	\$ 200,000
MIHCD and Train the Trainer	<u>19,000</u>
Total donor restricted net assets	<u>\$ 219,000</u>

Note 10 – Contributions in-kind rent

During 2017 TCM moved its operations to an office owned and managed by the Children's Assessment Center (CAC). The CAC is providing the office space as an in-kind donation to TCM. The estimated fair rental value of \$8,883 has been recorded as contributions in-kind and as rent expense for the year ended December 31, 2019.

Note 11 – Contingencies

TCM's programs are supported through various grants that are governed by various rules and restrictions. Expenses charged to the grant programs are subject to audit and adjustments by the grantor; therefore, to the extent that TCM has not complied with the rules and restrictions governing the grants, refunds of any money received may be required. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and restrictions governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

Note 12 – Related party transactions

During the year ended December 31, 2019, TCM received contributions totaling \$19,533 from board members.

Note 13 – Subsequent events

In connection with the preparation of the financial statements, and in accordance with ASC Topic 855, Subsequent Events, the Organization evaluated subsequent events between the statement of financial position date December 31, 2019, through June 5, 2020, which was the date the financial statements were available to be issued, and determined that there are no subsequent events or transactions that need to be recognized or disclosed in the accompanying financial statements.

Texas Center for the Missing
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 14 – Liquidity and Availability of Resources

The Organization's financial assets available within one year as of December 31, 2019, for general expenditure are as follows:

	<u>2019</u>
Cash and cash equivalents	\$ 92,711
Investments	16,183
Prepaid assets	<u>10,496</u>
Total	<u>\$ 119,390</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.