



Common Unity, Inc. dba The Storehouse of Collin County

**Financial Statements
December 31, 2017 and 2016**

Common Unity, Inc. dba The Storehouse of Collin County

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Independent Auditors' Report

Board of Directors
Common Unity, Inc. dba The Storehouse of Collin County

We have audited the accompanying financial statements of Common Unity, Inc. dba The Storehouse of Collin County (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 error or fraud.

Auditors' Responsibility

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

An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Common Unity, Inc. dba The Storehouse of Collin County as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
October 5, 2018

Common Unity, Inc. dba The Storehouse of Collin County
Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 294,752	\$ 439,739
Pledge receivable	130,637	253,698
Inventory	6,285	5,653
Prepaid expenses	3,643	2,703
Total current assets	435,317	701,793
Property and equipment, net	44,644	61,918
Total assets	\$ 479,961	\$ 763,711
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,871	\$ 49,620
Accrued expenses	36,321	37,508
Total current liabilities	38,192	87,128
Net assets:		
Unrestricted	291,776	676,583
Temporarily restricted	149,993	-
Total net assets	441,769	676,583
Total liabilities and net assets	\$ 479,961	\$ 763,711

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County
Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions	\$ 241,680	\$ 153,999	\$ 395,679
Noncash goods and products	3,017,783	-	3,017,783
Noncash professional services	85,000	-	85,000
Other income	33,267	-	33,267
Net assets released from restriction	4,006	(4,006)	-
Total revenue and support	3,381,736	149,993	3,531,729
Expenses:			
Program services	3,528,006	-	3,528,006
General and administrative	238,537	-	238,537
Total expenses	3,766,543	-	3,766,543
Change in net net assets	(384,807)	149,993	(234,814)
Net assets at beginning of year	676,583	-	676,583
Net assets at end of year	\$ 291,776	\$ 149,993	\$ 441,769

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County
Statement of Activities
Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 667,601	\$ -	\$ 667,601
Noncash goods and products	1,454,326	-	1,454,326
Noncash professional services	67,560	-	67,560
Total revenue and support	<u>2,189,487</u>	<u>-</u>	<u>2,189,487</u>
Expenses:			
Program services	1,957,299	-	1,957,299
General and administrative	224,523	-	224,523
Fundraising	1,603	-	1,603
Total expenses	<u>2,183,425</u>	<u>-</u>	<u>2,183,425</u>
Change in net net assets	6,062	-	6,062
Net assets at beginning of year	<u>670,521</u>	<u>-</u>	<u>670,521</u>
Net assets at end of year	<u><u>\$ 676,583</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 676,583</u></u>

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services			Total Program Services	Management and General	Total
	Food Pantry	Joseph's Coat	Project Hope			
Direct assistance	\$ 88,519	\$ 15,680	\$ 52,597	\$ 156,796	\$ 594	\$ 157,390
Noncash direct assistance	2,926,190	10,837	26,270	2,963,297	-	2,963,297
Payroll	85,604	19,463	116,064	221,131	182,496	403,627
Noncash rent, utilities and professional services	36,560	11,250	97,109	144,919	2,869	147,788
Special events	-	225	-	225	-	225
Outside services	-	-	1,733	1,733	2,707	4,440
Supplies	4,823	1,116	1,319	7,258	2,222	9,480
Maintenance	14,433	532	532	15,497	2,911	18,408
Postage and shipping	-	-	-	-	1,761	1,761
Legal and accounting	-	-	-	-	17,209	17,209
Travel and meetings	871	-	705	1,576	1,824	3,400
Printing and publications	164	-	342	506	896	1,402
Insurance	-	-	-	-	8,502	8,502
Office	1,100	307	705	2,112	9,474	11,586
Subscriptions	-	-	-	-	144	144
Bank fees	-	-	-	-	610	610
Depreciation	8,637	1,555	2,764	12,956	4,318	17,274
Total	\$ 3,166,901	\$ 60,965	\$ 300,140	\$ 3,528,006	\$ 238,537	\$ 3,766,543

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services			Total Program Services	Management and General	Fundraising	Total
	Food Pantry	Joseph's Coat	Project Hope				
Direct assistance	\$ 120,090	\$ 25,604	\$ 41,832	\$ 187,526	\$ 975	\$ -	\$ 188,501
Noncash direct assistance	1,343,010	87,392	11,602	1,442,004	-	-	1,442,004
Payroll	97,454	4,689	63,735	165,878	169,115	-	334,993
Noncash rent, utilities and professional services	24,575	10,689	71,560	106,824	11,502	1,603	119,929
Special events	-	544	-	544	-	-	544
Outside services	-	-	545	545	12,926	-	13,471
Supplies	5,658	1,886	533	8,077	1,164	-	9,241
Maintenance	20,593	434	622	21,649	2,270	-	23,919
Postage and shipping	-	-	-	-	621	-	621
Legal and accounting	2,808	724	1,404	4,936	6,294	-	11,230
Travel and meetings	877	-	1,171	2,048	1,719	-	3,767
Printing and publications	-	-	323	323	1,440	-	1,763
Insurance	-	-	-	-	7,428	-	7,428
Office	2,744	93	926	3,763	3,701	-	7,464
Subscriptions	-	-	-	-	306	-	306
Bank fees	286	-	286	572	859	-	1,431
Depreciation	8,406	1,502	2,702	12,610	4,203	-	16,813
Total	\$ 1,626,501	\$ 133,557	\$ 197,241	\$ 1,957,299	\$ 224,523	\$ 1,603	\$ 2,183,425

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (234,814)	\$ 6,062
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	17,274	16,813
Changes in operating assets and liabilities:		
Pledge receivable	123,061	(203,324)
Inventory	(632)	39,798
Prepaid expenses	(940)	164
Accounts payable	(47,749)	(17,652)
Accrued expenses	(1,187)	37,508
Net cash used by operating activities	(144,987)	(120,631)
Cash flows from investing activities:		
Purchases of property and equipment	-	(6,915)
Net decrease in cash and cash equivalents	(144,987)	(127,546)
Cash and cash equivalents at beginning of year	439,739	567,285
Cash and cash equivalents at end of year	\$ 294,752	\$ 439,739

See notes to financial statements.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

1. Organization

Common Unity, Inc. (Organization), was incorporated September 21, 2009, under the laws of the state of Texas and approved May 11, 2010, as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (Code). The Organization began operating under an assumed name of The Storehouse of Collin County in 2017. The Organization was formed with the mission to holistically assist Collin County residents in crisis meet the most basic human needs. The Organization provides nutritional supplemental food, gently used clothing and household goods, access to transforming social services, limited financial support, education and training and other living necessities to individuals and families residing in Collin County zip codes. The Texas Commodity Assistance Program guidelines and published U.S. poverty levels serve as guidelines to determine need and to identify individuals and families who qualify to receive Organization resources.

The Organization's office and facilities are located in St. Andrew United Methodist Church (Church). The Church contributes facilities and personnel services to the Organization but does not exhibit managerial or financial control over the operations of the Organization (Note 4).

The Organization is primarily supported by contributions from individuals, other organizations and the Church.

Programs

The Organization pursues its objectives through the execution of the following major programs:

The Seven Loaves Food Pantry (Pantry) – This program provides one week's worth of healthy food for each person in qualifying households.

Joseph's Coat – This program is seasonal in nature and distributes new and gently used clothing to qualifying households (generally winter coats and "back to school" jeans and backpacks).

Project Hope – The goal of this program is to facilitate qualifying households to move from an impoverished lifestyle to a sustainable quality of life. The program provides coaching, training, education, opportunity and hope to qualifying households who meet certain criteria.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (GAAP). The more significant accounting policies of the Organization are described below.

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time. The Organization had no temporarily restricted net assets as of December 31, 2016.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2017 or 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

Financial Instruments and Credit Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit risk, consist principally of cash and cash equivalents and a pledge receivable. The Organization places cash and cash equivalents, which at times may exceed federally insurable limits, with high credit quality financial institutions to minimize risk. The Organization has not experienced losses on such assets. The pledge receivable is unsecured and is due from the Church. The Organization continually evaluates the collectability of pledges receivable and maintains allowances for potential losses, if considered necessary.

The Organization maintains cash balances at various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Organization had no deposits in excess of the insurable limit.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Inventory

The Organization's inventory consists of purchased and donated perishable and non-perishable food items. These items are distributed to clients free of charge. Inventory is valued at an estimated amount of \$1.69 and \$1.67 per pound at December 31, 2017 and 2016, respectively, and/or at the cost of products purchased.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost or if acquired by gift, fair market value at the date of the gift. The fair value of donated fixed assets is capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets which range from 3 to 10 years.

Revenue Recognition

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give (pledges receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

The Organization recognizes contribution revenue for professional services at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization receives donated food and grocery products from the general public, food drives, philanthropic and compassion agencies, members of the Church and other area churches, the North Texas Food Bank and local area merchants. These donations are valued as of the latest valuation study of Feeding America. As need and/or availability arises, various food types are also purchased, primarily through the North Texas Food Bank. Undistributed food is kept in controlled environments and held as inventory until distributed.

The Organization recognizes the fair value of donated food and grocery products as noncash contributions upon receipt of goods and as noncash direct assistance expense when provided to the Organization's clients.

Donated use of facilities and utilities are primarily donated by the Church and are reflected as contributions at their estimated fair values at date of receipt.

In order to enable the Organization to meet its mission, a substantial number of volunteers donate significant amounts of their time to the Organization's programs and fundraising functions. These amounts do not meet the requirements for recognition in the financial statements.

Federal Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Code and has not been classified as a private foundation as defined in the Code. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under Code Section 511. The Organization had no unrelated business income for the years ended December 31, 2017 and 2016. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2017 and 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

Allocation of Functional Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various functions benefitted.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and results of operations.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers, which will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principal of the new guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The original guidance has been amended through subsequent accounting standard updates that resulted in technical corrections, improvements, and a one-year deferral of the effective date to January 1, 2018 for public entities and January 1, 2019 for all other entities. Entities can elect to adopt the guidance either on a full or modified retrospective basis. Full retrospective adoption will require a cumulative effect adjustment to net assets as of the beginning of the earliest comparative period presented. Modified retrospective adoption will require a cumulative effect adjustment to net assets as of the beginning of the reporting period in which the entity first applies the new guidance. The Organization is currently assessing the impact that adopting this new guidance will have on the Organization's financial statements.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

In August 2016, the FASB issued new accounting guidance on the presentation of financial statements for not-for-profit entities. The objective of this ASU is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit's liquidity, financial performance, and cash flows. The key provisions include net asset classes, investment return, expenses, liquidity and availability of resources, and statement of cash flows. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017. Early application of the amendments is permitted.

3. Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2017</u>	<u>2016</u>
Vehicles	77,578	77,578
Leasehold improvements	10,437	10,437
Computer equipment	8,622	8,622
Refrigerators and freezers	<u>24,141</u>	<u>24,141</u>
Total	120,778	120,778
Less: accumulated depreciation	<u>(76,134)</u>	<u>(58,860)</u>
	<u>\$ 44,644</u>	<u>\$ 61,918</u>

Depreciation expense totaled \$17,274 and \$16,813 for the years ended December 31, 2017 and 2016, respectively.

4. Relationship with St. Andrew United Methodist Church

As stated in Note 1, the Organization utilizes facilities and utilities provided by the Church for office, warehousing, food storage and distribution. The Church also donates administrative and clerical support services. All payroll and benefit expenses of the Organization are paid through the Church. The Church invoices for a portion of the payroll and supporting services; the remainder is reflected in the accompanying financial statements as in-kind donations and in-kind expenses.

The amounts contributed by the Church and recognizable under GAAP are reflected in the accompanying financial statements as in-kind contributions totaling \$56,067 and \$69,300 for the years ended December 31, 2017 and 2016, respectively.

Common Unity, Inc. dba The Storehouse of Collin County

Notes to Financial Statements

While the Organization and the Church do not have a formal relationship and do not share common governance control, it is unlikely that the Organization could continue its programs and operations at its current level without continuing Church support.

5. Concentrations

In-kind donations represented 89% and 70% of total revenue for the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, 100% of pledges receivable is due from the Church.

6. Temporarily Restricted Net Assets

As of December 31, 2017 temporarily restricted net assets were restricted for the following purposes:

Time restricted	\$ 147,894
Cars for clients	<u>2,099</u>
	<u>\$ 149,993</u>

7. In-Kind Contributions

The Organization received the following in-kind contributions during the years ended December 31:

	<u>2017</u>	<u>2016</u>
Food	\$ 2,917,888	\$ 1,300,683
Other goods	37,107	101,274
Rent, utilities and professional services	<u>147,788</u>	<u>119,929</u>
	<u>\$ 3,102,783</u>	<u>\$ 1,521,886</u>

8. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.