The Parenting Center

Financial Statements
December 31, 2019 and 2018

Sutton Frost Cary LLP
Certified Public Accountants

The Parenting Center

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Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
The Parenting Center

We have audited the accompanying financial statements of The Parenting Center (a nonprofit organization), 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 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 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 U.S. generally accepted auditing standards. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parenting Center as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Fort Worth, Texas
October 12, 2020

The Parenting Center
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 542,815	$ 790,174
Investments	424,998	359,268
Accounts receivable	363,851	495,462
Pledges receivable	68,000	75,000
Prepaid expenses	16,354	14,043
Total current assets	1,416,018	1,733,947
Other assets:		
Property and equipment, net	910,014	256,493
Assets restricted for long-term purposes:		
Cash equivalents restricted for building	-	608,309
Cash equivalents restricted for endowment	108,583	108,583
Total other assets	1,018,597	973,385
Total assets	$ 2,434,615	$ 2,707,332
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 60,413	$ 118,880
Accrued liabilities	17,404	20,001
Agency liability	26,690	39,804
Total liabilities	104,507	178,685
Net assets:		
Without donor restrictions	2,037,064	1,400,751
With donor restrictions	293,044	1,127,896
Total net assets	2,330,108	2,528,647
Total liabilities and net assets	$ 2,434,615	$ 2,707,332

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants and contracts	$ 1,216,986	$ -	$ 1,216,986
Nongovernment grants	144,433	-	144,433
Contributions	206,248	265,523	471,771
Donated services	33,205	-	33,205
Special events (net of direct costs of $34,949)	61,248	-	61,248
United Way	-	30,320	30,320
Program service fees, net	267,358	-	267,358
Investment gain, net	74,801	-	74,801
Other income	124	-	124
Net assets released from restrictions	1,130,695	(1,130,695)	-
Total revenue and support	3,135,098	(834,852)	2,300,246
Expenses:			
Program services:			
Clinical	426,305	-	426,305
Education	1,722,762	-	1,722,762
Total program services	2,149,067	-	2,149,067
Administrative	224,514	-	224,514
Fundraising	125,204	-	125,204
Total expenses	2,498,785	-	2,498,785
Change in net assets	636,313	(834,852)	(198,539)
Net assets at beginning of year	1,400,751	1,127,896	2,528,647
Net assets at end of year	$ 2,037,064	$ 293,044	$ 2,330,108

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants and contracts	$ 1,415,173	$ -	$ 1,415,173
Nongovernment grants	422,378	-	422,378
Contributions	210,450	545,717	756,167
Donated services	34,871	-	34,871
Special events (net of direct costs of $69,905)	64,685	-	64,685
United Way	-	28,548	28,548
Program service fees, net	295,245	-	295,245
Investment loss, net	(8,049)	-	(8,049)
Other income	314	-	314
Net assets released from restrictions	288,651	(288,651)	-
Total revenue and support	2,723,718	285,614	3,009,332
Expenses:			
Program services:			
Clinical	484,681	-	484,681
Education	2,015,946	-	2,015,946
Total program services	2,500,627	-	2,500,627
Administrative	244,886	-	244,886
Fundraising	156,979	-	156,979
Total expenses	2,902,492	-	2,902,492
Change in net assets	(178,774)	285,614	106,840
Net assets at beginning of year	1,579,525	842,282	2,421,807
Net assets at end of year	$ 1,400,751	$ 1,127,896	$ 2,528,647

See notes to financial statements.

The Parenting Center
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services					Total
	Clinical	Education	Total	Administrative	Fundraising	Expenses
Compensation and related costs	$ 281,321	$ 917,282	$ 1,198,603	$ 174,007	$ 108,944	$ 1,481,554
Professional fees	9,529	186,848	196,377	15,444	1,818	213,639
Supplies	1,252	193,630	194,882	3,158	881	198,921
Telephone	2,520	13,508	16,028	1,085	375	17,488
Postage	142	1,663	1,805	309	357	2,471
Occupancy	12,589	26,719	39,308	5,590	1,705	46,603
Printing	750	8,770	9,520	347	1,755	11,622
Local transportation	360	11,250	11,610	66	83	11,759
Conferences/Travel/Meals	14	12,984	12,998	293	37	13,328
Marketing	264	1,433	1,697	3,450	5,409	10,556
Dues and subscriptions	141	11,959	12,100	200	3,097	15,397
Board and staff meetings	217	675	892	2,223	37	3,152
Equipment	3,859	5,351	9,210	1,661	452	11,323
Recruitment	-	149	149	-	-	149
Insurance	3,888	5,757	9,645	970	254	10,869
Contracted agencies	-	324,784	324,784	-	-	324,784
Contract counseling	109,459	-	109,459	-	-	109,459
Special events	-	-	-	-	34,949	34,949
Depreciation	-	-	-	15,711	-	15,711
Total expenses	426,305	1,722,762	2,149,067	224,514	160,153	2,533,734
Less: expenses included with revenues on the statement of activities						
Special events	-	-	-	-	(34,949)	(34,949)
Total expenses included in the expense section on the statement of activities	$ 426,305	$ 1,722,762	$ 2,149,067	$ 224,514	$ 125,204	$ 2,498,785

See notes to financial statements.

The Parenting Center
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services					Total
	Clinical	Education	Total	Administrative	Fundraising	Expenses
Compensation and related costs	$ 274,499	$ 1,000,772	$ 1,275,271	$ 172,571	$ 135,010	$ 1,582,852
Professional fees	11,477	184,109	195,586	39,505	4,074	239,165
Supplies	1,960	193,271	195,231	6,414	497	202,142
Telephone	2,027	14,771	16,798	6,271	315	23,384
Postage	235	2,240	2,475	334	578	3,387
Occupancy	12,929	29,587	42,516	9,576	2,284	54,376
Printing	1,217	10,841	12,058	565	1,789	14,412
Local transportation	357	16,165	16,522	354	165	17,041
Conferences/Travel/Meals	199	22,167	22,366	462	66	22,894
Marketing	339	7,770	8,109	541	6,756	15,406
Dues and subscriptions	300	10,244	10,544	503	4,057	15,104
Board and staff meetings	103	137	240	2,514	16	2,770
Equipment	4,600	5,627	10,227	2,020	560	12,807
Insurance	4,141	6,196	10,337	817	270	11,424
Contracted agencies	-	504,733	504,733	-	-	504,733
Contract counseling	167,046	-	167,046	-	-	167,046
Special events	-	-	-	-	69,905	69,905
Depreciation	3,252	7,316	10,568	2,439	542	13,549
Total expenses	484,681	2,015,946	2,500,627	244,886	226,884	2,972,397
Less: expenses included with revenues on the statement of activities						
Special events	-	-	-	-	(69,905)	(69,905)
Total expenses included in the expense section on the statement of activities	$ 484,681	$ 2,015,946	$ 2,500,627	$ 244,886	$ 156,979	$ 2,902,492

See notes to financial statements.

The Parenting Center
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (198,539)	$ 106,840
Depreciation	15,711	13,549
Unrealized (gain) loss on investments	(40,763)	24,589
Realized (gain) loss on investments	(12,493)	6,138
Contributions restricted for building	-	(179,497)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Accounts receivable	131,611	(61,276)
Pledges receivable	7,000	75,000
Prepaid expenses	(2,311)	19,045
Accounts payable	(58,467)	47,948
Accrued liabilities	(2,597)	(83,343)
Agency liability	(13,114)	(1,973)
Net cash used by operating activities	(173,962)	(32,980)
Cash flows from investing activities:		
Purchases of property and equipment	(669,232)	(28,768)
Purchases of investments	(180,622)	(279,582)
Proceeds from sales of investments	168,148	264,696
Net cash used by investing activities	(681,706)	(43,654)
Cash flows from financing activities:		
Collections of contributions restricted for building	-	179,497
Net increase (decrease) in cash and cash equivalents	(855,668)	102,863
Cash and cash equivalents at beginning of year	1,507,066	1,404,203
Cash and cash equivalents at end of year	$ 651,398	$ 1,507,066

	2019	2018
Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	$ 542,815	$ 790,174
Cash equivalents restricted for building	-	608,309
Cash equivalents restricted for endowment	108,583	108,583
Total cash and cash equivalents shown on the statement of cash flows	$ 651,398	$ 1,507,066

See notes to financial statements.

1. Organization

The Parenting Center's (Center) mission is to provide family members and professionals with the tools, resources and services to build successful families. The Center was built on the core belief that empowering families with the necessary knowledge and skills can lead them to develop and maintain healthy lives.

The Center pursues its objectives through the execution of the following clinical and education programs:

Clinical Counseling- Counseling is provided by the Center's staff and contract counselors for parents, couples, children and entire families. Counseling ranges from general assistance with family situations to help for abused and neglected children. Fees range from assistance provided by the Texas Department of Family and Protective Services or other organizations to direct payments from the counseled individuals. Some fees are based on a sliding scale depending on income and family size.

Parenting Advice Line- The Center sponsors a free telephone service where counselors and educators answer parenting questions and concerns. CPS Evaluation and Treatment: Counseling is provided to individuals and families who are referred by Child Protective Services.

Family Life Education- Staff and volunteer educators present workshops and courses on numerous positive parenting topics to various groups throughout the Tarrant County Metroplex. Classes are offered at a sliding scale for Tarrant County residents. The classes offered are usually sponsored by groups such as churches, PTA's, etc. Fees for these classes are negotiable. United Way funding and grants from foundations make it possible for the Center to offer some reduced-cost and free programs.

Healthy Marriage- The Center coordinates the Healthy Marriage Healthy Families Coalition of Tarrant County. Community members are trained in evidence-based pre-marriage and marriage curriculum. Once trained, couples and individuals lead workshops designed to promote and sustain healthy marriages. This program coordinates the State of Texas Twogether project for an eleven county region.

Home Visiting, Education and Leadership (H.E.A.L.)- H.E.A.L. is a free, 18-week in-home, family-strengthening program that utilizes a curriculum called SafeCare. Parents learn helpful skills that aid in managing children's misbehavior as well as understand many beneficial ways of problem solving and communication. Skills training includes child behavior management techniques, planned activities training, how to create healthy parent-child interactions, and child health care education.

Participants Parent Education Program in Schools (PEPS)- The Parent Education Program in Schools is a three-hour parenting course offered as part of the Health I curriculum in Fort Worth and Arlington secondary schools. PEPS increases students' knowledge of positive parenting skills, child development, responsible choices and child abuse prevention.

Family Transitions Program- The program provides comprehensive support to families raising children between two homes. Services are offered to parents, blended families, grandparents and children. The program includes classes, counseling, consultation, mediation, and co-parent coaching.

Empowering Families- The Center provides marriage/relationship classes and other services to strengthen and stabilize families. The target population for these services is low-income families, refugees, Temporary Assistance for Needy Families (TANF) recipients, and those eligible of receiving TANF. Funding for this program comes from a Community-Centered Healthy Marriage and Relationship grant provided through the U.S. Department of Health and Human Services.

The Center is funded primarily through government grants and contracts, contributions and grants from the foundations, individuals and corporations, and fees charged to participants on a sliding scale basis.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Center prepares the financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

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:

> *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
>
> *Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Center and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (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.

In the absence of donor restrictions to the contrary, restrictions on contributions of property and equipment or on assets restricted to acquiring property and equipment expire when the property and equipment is placed in service.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts and pledges receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various third party payors and government agencies. Pledges receivable are unsecured and are due from one donor. At December 31, 2019 and 2018, 83% of accounts receivable was due from one and two government agencies, respectively. The Center continually evaluates the collectability of accounts and pledges receivable and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

The Center maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2019, the Center had no uninsured balances.

Cash Equivalents

Cash equivalents consist of all highly liquid investments purchased with an initial maturity of three months or less.

Investments

Investments consist of a money market, mutual funds, equites, and a real estate investment trust and are stated at fair value in the statement of financial position.

Accounts Receivable

The Center maintains receivables due from government agencies and third-party payors for services performed. The Center carries its accounts receivable due from third-party payors at standard charges, less an allowance for doubtful accounts and contractual adjustments. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in accounts receivable. On a periodic basis, the Center evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write offs, collections and adjustments. At December 31, 2019 and 2018, management considers accounts receivable to be fully collectible.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years.

Long-Lived Assets

The Center's long-lived assets are evaluated 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 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. Management believes no impairment has occurred with respect to long-lived assets in 2019 and 2018.

Revenue Recognition

Program service fees are reported at net realizable amounts from participants, third-party payors and others for services rendered. Accounts receivable and revenues are recorded when participant services are performed. Amounts received from third-party payors are different from established billing rates of the Center, and these differences are accounted for as contractual allowances. Program service fee revenue is reported net of contractual adjustments of $99,291 and $108,842 for the years ended December 31, 2019 and 2018, respectively.

The Center recognizes contributions when cash, securities, or other assets or an unconditional promise to give is received. Unconditional promises to give 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. Management routinely analyzes unconditional promises to give for collectability. Management anticipates collection of the entire balance; accordingly, no allowance was recorded at December 31, 2019 and 2018.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances. There were no refundable advances at December 31, 2019 and 2018.

A portion of the Center's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The Center considers government grants and contracts to be contributions. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

The Center received cost-reimbursable grants of $1,078,356 and $1,063,011 that had not been recognized at December 31, 2019 and 2018, respectively, because qualifying expenditures had not yet been incurred.

The Center recognizes donated services received that require specialized skills or that would create or enhance nonfinancial assets, which would have been purchased if not acquired through donation. For the years ended December 31, 2019 and 2018, $33,205 and $34,871 were recognized as donated services revenue, contract counseling expense, and professional fees in the accompanying financial statements.

Donated Services

During the years ended December 31, 2019 and 2018, the Center's activities that benefited from professional volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2019	2018
Community education	81	336
Clinical services	883	606
	964	942

In addition, many individuals volunteer their time to assist the Center with various programs; however, no contribution revenue is recorded for these hours, because they represent non-specialized services and therefore do not meet the requirements necessary to record such services as contribution revenue.

During the years ended December 31, 2019 and 2018, the Center's activities that benefited from non-specialized volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2019	2018
Board of directors - no revenue recognized	327	455

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, communication, and other, which are allocated on the basis of estimates of time and effort.

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.

Federal Income Tax

The Center is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (IRC) that is exempt from federal income taxes under Section 501(a) of the IRC. For the years ended December 31, 2019 and 2018, the Center did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Center's tax returns and recognition of a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Center, and has concluded that as of December 31, 2019 and 2018, 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.

New Accounting Pronouncements

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

The Center considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Center's financial position and changes in net assets.

In 2016, the FASB issued its leasing standard in ASU 2016-02*, Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use (ROU) assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Center is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncements Adopted

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of 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 entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Center has adopted this ASU as of and for the year ended December 31, 2019.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The Center has adopted this ASU as of and for the year ended December 31, 2019.

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way the Center recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1	Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.
Level 2	Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.
Level 3	Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Center's investments are valued using Level 1 inputs. The following is a description of the valuation methodology used for instruments measured at fair value:

Mutual Funds

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying asset owned by the fund, less its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Equity Securities, Exchange Traded Funds, and Real Estate Investment Trusts

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

Money Market Fund

The investments are valued using $1 for the NAV.

The following table sets forth the Center's investments at fair value as of December 31:

	2019	2018
Money market funds	$ 15,058	$ 48,119
Mutual funds:		
Stock funds	151,934	99,359
Bond funds	67,602	58,777
Exchange traded products:		
Equity	53,985	59,859
Fixed income	35,920	19,561
Other	-	8,631
Equity securities:		
Common stock	72,177	38,838
Real estate investment trusts	28,322	26,124
	$ 424,998	$ 359,268

Net investment gain (loss) consists of the following for the years ending December 31:

	2019	2018
Dividends and interest	$ 21,545	$ 22,678
Realized gain (loss) on investments	12,493	(6,138)
Unrealized gain (loss) on investments	40,763	(24,589)
	$ 74,801	$ (8,049)

4. Property and Equipment

Property and equipment consists of the following as of December 31:

	2019	2018
Land and buildings	$ 1,792,483	$ 1,116,129
Equipment	141,202	137,443
Computer and network	256,561	256,561
Furniture and fixtures	160,016	154,334
Construction in progress	-	16,563
	2,350,262	1,681,030
Accumulated depreciation	(1,440,248)	(1,424,537)
	$ 910,014	$ 256,493

5. Endowment Funds

The Center has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The board of directors of the Center has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanent endowment (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The earnings from the original gift are classified as net asset with donor restrictions until those amounts are appropriated from expenditure by the Center in a manner consistent with the standard of prudence prescribed in TUPMIFA. until those amounts are appropriated In accordance with TUPMIFA, the Center, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The board of directors of the Center is responsible for adopting investment objectives and policies, monitoring policy implementation and investment performance. The Center’s investment portfolio is designed to provide a reasonably stable, growing, and predictable revenue stream. All investment decisions on behalf of the permanent endowment are based upon and consistent with the above priorities.

Changes in donor-restricted endowment funds for the year ended December 31, 2019 are as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	$ -	$ 108,583	$ 108,583
Investment income	1,784	-	1,784
Appropriation of assets for expenditure	(1,784)	-	(1,784)
Endowment net assets, end of year	$ -	$ 108,583	$ 108,583

Changes in donor-restricted endowment funds for the year ended December 31, 2018 are summarized as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	$ -	$ 108,583	$ 108,583
Investment income	2,294	-	2,294
Appropriation of assets for expenditure	(2,294)	-	(2,294)
Endowment net assets, end of year	$ -	$ 108,583	$ 108,583

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2019	2018
Annual United Way allocation	$ 15,320	$ 14,274
Capital repairs and improvements	27,644	27,644
Home visiting	-	132,002
Technology and software	4,677	4,677
Educational scholarships and classes	131,260	145,800
Rebranding	5,560	5,560
Building reconstruction	-	689,356
Restricted in perpetuity	108,583	108,583
	$ 293,044	$ 1,127,896

7. Line of Credit

The Center has a $50,000 operating line of credit agreement with an area bank, with interest at the Wall Street Journal prime rate, expiring January 2021. Advances on this agreement are secured by the accounts receivable of the Center. There were no borrowings outstanding relating to the agreement as of December 31, 2019 or 2018.

8. Leases

The Center leases office equipment under a non-cancellable long-term operating lease. The following are future minimum lease payments under this lease for the years ending December 31:

2020	$ 2,254
2021	1,908
2022	1,908
2023	954

9. Liquidity and Availability of Resources

The Center's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	2019	2018
Cash and cash equivalents	$ 651,398	$ 1,507,066
Investments	424,998	359,268
Accounts receivable	363,851	495,462
Pledges receivable	68,000	75,000
Total financial assets	1,508,247	2,436,796
Less amounts not available for general expenditure within one year, due to:		
Restricted in perpetuity	108,583	108,583
Donor imposed restrictions	184,461	727,237
Financial assets available to meet cash needs for general expenditure within one year	$ 1,215,203	$ 1,600,976

The Center is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, financial assets may not be available for general expenditure within one year. As part of the Center'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. In addition, the Center invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Center also could draw upon $50,000 of available line of credit (as further discussed in Note 7).

10. Employee Benefit Plan

The Center has a defined contribution 401(k) savings plan for the benefit of its employees. Participants may defer a percentage of their compensation into the plan, up to certain limits allowed by the Internal Revenue Code. Participant contributions are 100% vested upon deferral. Eligible participants may receive discretionary matching employer contributions and/or discretionary annual contributions determined by the board of directors. Employer contributions vest 20% each year after two years of employment. Eligible participants, who are non-highly compensated employees, may also receive special discretionary contributions known as qualified non-elective employer contributions. Qualified non-elective employer contributions automatically vest 100%. For the years ended December 31, 2019 and 2018, the Center's discretionary match was set at 5% of participant contributions. The Center's matching contributions totaled approximately $18,000 and $22,000 for the years ended December 31, 2019 and 2018, respectively.

11. Contingencies

The Center participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities related to compliance with the rules and regulations governing the respective grants.

12. Subsequent Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity in the north central Texas area. In April 2020, the Center secured a forgivable loan totaling $279,700 under the Paycheck Protection Program. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Center, if any, cannot be determined at this time.

The Center evaluated subsequent events up to the date the financial statements were available to be issued and concluded that no additional disclosures are required.