

ONE COMMUNITY NOW, INC.

Financial Statements

December 31, 2021

(With Independent Auditors' Report Thereon)

ONE COMMUNITY NOW, INC.

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Fontana CPAs, P.A.

Independent Auditors' Report

The Officers and Board of Directors
One Community Now, Inc.:

Opinion

We have audited the accompanying financial statements One Community Now, Inc. ("the Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statement 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 One Community Now, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity 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 the Organization 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; 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.

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 the Organization'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 auditor's 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 the Organization'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.

(continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

FONTANA CPAs

A handwritten signature in black ink that reads "Fontana CPAs". The signature is written in a cursive, flowing style.

October 11, 2022

ONE COMMUNITY NOW, INC.

Statement of Financial Position

December 31, 2021

Assets

| | | |
|---|----|-------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 557,217 |
| Certificates of deposit | | 136,793 |
| Prepaid assets | | — |
| Total current assets | | <u>694,010</u> |
| Property and equipment, net of accumulated depreciation | | <u>1,035,154</u> |
| Total assets | \$ | <u><u>1,729,164</u></u> |

Liabilities and Net Assets

| | | |
|----------------------------------|----|-------------------------|
| Current liabilities: | | |
| Accounts payable | \$ | 365 |
| Accrued payroll | | 9,460 |
| Deposits | | 1,300 |
| Deferred revenue | | <u>77,905</u> |
| Total current liabilities | | <u>89,030</u> |
| Total liabilities | | <u>89,030</u> |
| Net assets: | | |
| Without donor restrictions | | 1,640,134 |
| With donor restrictions | | — |
| Total net assets | | <u>1,640,134</u> |
| Total liabilities and net assets | \$ | <u><u>1,729,164</u></u> |

See accompanying notes to financial statements.

ONE COMMUNITY NOW, INC.

Statement of Activities

Year ended December 31, 2021

| | Without donor restrictions | With donor restrictions | Total |
|---------------------------------|---|------------------------------------|---------------------|
| Revenue and other support: | | | |
| Grants | \$ 738,430 | \$ — | \$ 738,430 |
| Contributions | 206,237 | — | 206,237 |
| Rental | 6,763 | — | 6,763 |
| Interest income | 5,151 | — | 5,151 |
| In-kind | 875,000 | — | 875,000 |
| Other | 1,570 | — | 1,570 |
| Special events | | | |
| Special events revenues | 131,206 | — | 131,206 |
| Special events expenses | (24,231) | — | (24,231) |
| Net special events | <u>106,975</u> | <u>—</u> | <u>106,975</u> |
| Total revenue and other support | <u>1,940,126</u> | <u>—</u> | <u>1,940,126</u> |
| Expenses: | | | |
| Program expenses | 813,943 | — | 813,943 |
| Support services | 117,457 | — | 117,457 |
| Total expenses | <u>931,400</u> | <u>—</u> | <u>931,400</u> |
| Other Changes - Income | | | |
| Forgiveness of debt - PPP loan | <u>32,493</u> | <u>—</u> | <u>32,493</u> |
| Total other changes | <u>32,493</u> | <u>—</u> | <u>32,493</u> |
| Increase in net assets | <u>1,041,219</u> | <u>—</u> | <u>1,041,219</u> |
| Net assets at beginning of year | <u>598,915</u> | <u>—</u> | <u>598,915</u> |
| Net assets at end of year | <u>\$ 1,640,134</u> | <u>\$ —</u> | <u>\$ 1,640,134</u> |

See accompanying notes to financial statements.

ONE COMMUNITY NOW, INC.

Statement of Functional Expenses

Year ended December 31, 2021

| | <u>Supporting services</u> | | | <u>Total expenses</u> |
|------------------------------------|----------------------------|-------------------------------|--------------------|-----------------------|
| | <u>Program services</u> | <u>Management and general</u> | <u>Fundraising</u> | |
| Payroll and employee benefits | \$ 86,571 | \$ 76,220 | \$ 9,066 | \$ 171,857 |
| Housing and utility assistance | 534,734 | — | — | 534,734 |
| Pak-a-Sack Scholarships | 126,835 | — | — | 126,835 |
| Bank and processing fees | — | 3,305 | — | 3,305 |
| Equipment rental | 7,180 | 3,396 | — | 10,576 |
| Dues and subscriptions | — | 1,802 | — | 1,802 |
| Computer and internet | — | 2,356 | — | 2,356 |
| Repairs and maintenance | 5,543 | 4,579 | — | 10,122 |
| Insurance | — | — | — | — |
| Supplies | 14,005 | 3,888 | 695 | 18,588 |
| Marketing and advertising | — | 2,458 | 249 | 2,707 |
| Printing and postage | 1,240 | 735 | 633 | 2,608 |
| Website and software | — | 6,775 | 3,397 | 10,172 |
| Professional fees | — | 1,320 | — | 1,320 |
| Insurance | — | 6,888 | — | 6,888 |
| Storage | 2,988 | — | — | 2,988 |
| Transportation and delivery | 7,404 | — | — | 7,404 |
| Other | 2,672 | 1,943 | — | 4,615 |
| Allocated costs | 12,248 | (13,597) | 1,349 | — |
| Total expenses before depreciation | <u>801,420</u> | <u>102,068</u> | <u>15,389</u> | <u>918,877</u> |
| Depreciation | 12,523 | — | — | 12,523 |
| Total expenses | <u>\$ 813,943</u> | <u>\$ 102,068</u> | <u>\$ 15,389</u> | <u>\$ 931,400</u> |

See accompanying notes to financial statements.

ONE COMMUNITY NOW, INC.

Statement of Cash Flows

Year ended December 31, 2021

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ 1,041,219 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| In-kind donation | (875,000) |
| Depreciation | 12,523 |
| Changes in assets and liabilities: | |
| Prepaid assets | — |
| Accounts receivable | 53,575 |
| Accounts payable, accrued liabilities, and deferred revenue | 66,698 |
| Net cash provided by operating activities | <u>299,015</u> |
| Cash flows from investing activities: | |
| Net change in certificates of deposit | (3,576) |
| Purchases of property and equipment | (172,677) |
| Net cash used in investing activities | <u>(176,253)</u> |
| Net change in cash and cash equivalents | 122,762 |
| Cash and cash equivalents at beginning of year | <u>434,455</u> |
| Cash and cash equivalents at end of year | <u>\$ 557,217</u> |

See accompanying notes to financial statements.

ONE COMMUNITY NOW, INC.

Notes to Financial Statements

December 31, 2021

(1) **Organization**

One Community Now, Inc. (the "Organization") is a tax-exempt 501(c)(3) faith-based community organization founded in 2009. Their mission is to help children, families and veterans who are homeless or at-risk of becoming homeless to improve their health and economic condition. The Organization collaborates with churches, businesses, schools, organizations, and government entities to help combine community resources to fulfil the mission.

Their key programs focus on eradicating childhood hunger, empowering employment success, and ending veteran homelessness.

The Organization does not intend to duplicate services or resources that are already provided in the community but instead try to help educate those in the community about resources that are available.

(2) **Summary of Significant Accounting Policies**

(a) *Basis of Accounting*

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

Net Assets without Donor Restrictions - net assets that are not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - net assets consist of restricted contributions and the remaining portion of donor-restricted contributions. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reported in the statement of activities and changes in net assets as assets released from restrictions. The Organization has \$0 of Net Assets with Donor Restrictions at December 31, 2021.

Revenue is 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 and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

(b) *Cash and Cash Equivalents*

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from financial institutions (including cash items in the process of clearing) and interest-bearing deposits in financial institutions with an original maturity of 90 days or less.

(c) *Prepaid Assets*

Prepaid assets are primarily event deposits and insurance coverage costs.

ONE COMMUNITY NOW, INC.

Notes to Financial Statements

December 31, 2021

(d) *Contributed Services*

The accompanying financial statements do not reflect a provision for contributed services inasmuch as no objective basis is available by which the value of such services may be determined. All of the officers and a number of volunteers have contributed significant amounts of time to the Organization.

(e) *Allocation of Administrative Expenses*

The cost of providing the program services has been allocated among the program services benefitted.

(f) *Income Taxes*

The Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the “more likely than not” standard for sustainability upon examination by tax authorities. The Organization is a not-for-profit organization generally exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(6), except for income considered to be unrelated business income. The Organization did not have any net unrelated business income during the years ended December 31, 2021.

(g) *Concentrations of Credit Risk*

Financial instruments which could subject the Organization to concentrations of credit risk consist principally of bank accounts. The Organization limits its credit risk exposure by placing its investments with established financial institutions.

(3) *New Accounting Pronouncement*

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today’s capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

ONE COMMUNITY NOW, INC.

Notes to Financial Statements

December 31, 2021

(4) Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with-in one year of the statement of financial position date.

| | | |
|--|----|-----------------------|
| Cash and cash equivalents | \$ | 557,217 |
| Certificates of deposit | | <u>136,793</u> |
| Total liquid financial assets, at year end | | 694,010 |
| Less those unavailable for general expenditures within one year: | | |
| Accounts payable | | (365) |
| Accrued payroll | | (9,460) |
| Deferred revenue | | <u>(77,905)</u> |
| Total amount unavailable for general expenditures within one year | | <u>(87,730)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ | <u><u>606,280</u></u> |

The financial assets available to meet cash needs for general expenditures in the amount of \$606,280 above represents approximately 238 days of operating expenses.

(5) 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. Expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

(6) Certificates of Deposit

The Organization has a certificate of deposit. The following is a schedule showing the maturity date, and interest rate:

| <u>Maturity</u> | <u>Amount</u> | <u>Interest rates</u> |
|-----------------|---------------|-----------------------|
| October 2023 | \$ 26,806 | 2.50% |
| August 2024 | \$ 73,897 | 2.00% |
| September 2024 | \$ 36,090 | 2.00% |

ONE COMMUNITY NOW, INC.

Notes to Financial Statements

December 31, 2021

(7) Fixed Assets

Fixed assets consist of the following at December 31, 2021:

| | | <u>Estimated useful lives</u> |
|--|---------------------|-----------------------------------|
| Land | \$ 111,444 | - |
| Building | 893,580 | 30 -39 years |
| Building improvements | 6,661 | 7 years |
| Automobile | 34,098 | 5 years |
| Furniture and Equipment | 1,894 | 7 years |
| | <u>1,047,677</u> | |
| Less accumulated depreciation and amortization | <u>(12,523)</u> | |
| | <u>\$ 1,035,154</u> | |

(8) Operating Leases

The Organization leases certain office equipment under operating leases, which expire in 2025. The rent expense on these leases for the year ended December 31, 2021 was approximately \$926.

Future minimum lease payments required under non-cancelable leases as of December 31, 2021 are as follows:

| | |
|------------------------------|-----------------|
| 2022 | \$ 926 |
| 2023 | 926 |
| 2024 | 926 |
| 2025 | 771 |
| 2026 | — |
| Thereafter | <u>—</u> |
| Total minimum lease payments | <u>\$ 3,549</u> |

(9) Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

ONE COMMUNITY NOW, INC.

Notes to Financial Statements

December 31, 2021

(10) Paycheck Protection Program

On May 6, 2020, the Organization received a Paycheck Protection Program loan from the U.S. Small Business Administration in the amount of \$19,272. The loan was forgiven in full on April 28, 2021. Accordingly, the loan is recognized as other income on the Statement of Activities during 2021. In March 2021 the Organization applied for an was approved for a second Paycheck Protection Program loan from the U.S. Small Business Administration in the amount of \$13,221. The loan was forgiven in full in October 2021 Accordingly, the loan is recognized as other income on the Statement of Activities during 2021.

(11) Subsequent Events

Management has evaluated subsequent events through October 11, 2022, the date which the financial statements were available for issue and has concluded that there are no subsequent events requiring disclosure.