



TEXAS RAMP PROJECT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

Year Ended December 31, 2018

**TEXAS RAMP PROJECT
Financial Statements
December 31, 2018**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-14

Harris, Moran & Associates
Certified Public Accountant Firm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TEXAS RAMP PROJECT

We have audited the accompanying statements of TEXAS RAMP PROJECT (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 TEXAS RAMP PROJECT as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Darrell Harris

Harris, Moran & Associates
Dallas, Texas
July 31, 2019

TEXAS RAMP PROJECT
Statement of Financial Position
December 31, 2018

ASSETS

Current Assets

Cash and Cash Equivalents (Note 1c and 2)	\$	447,033
Accounts Receivable (Note 2 and 3)		6,230
Pledges Receivable (Note 2 and 4)		308,561
Prepaid Expenses		11,591
Inventory (Note 5)		78,790
Total Current Assets		852,205

Other Assets

Property and Equipment-Net (Note 1d and 6)		8,188
Security Deposits		2,555
Endowment Fund - Board Designated (Note 7)		76,664
Total Other Assets		87,407

TOTAL ASSETS	\$	939,612
--------------	----	---------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Liabilities	\$	24,859
Total Current Liabilities		24,859

Net Assets

Without Donor Restrictions		436,701
Without Donor Restrictions-Board Designated (Note 7)		76,664
Total Without Donor Restrictions		513,365
With Donor Restrictions (Note 8)		401,388
Total Net Assets		914,753

TOTAL LIABILITIES AND NET ASSETS	\$	939,612
----------------------------------	----	---------

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

TEXAS RAMP PROJECT
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND PUBLIC SUPPORT			
Contributions			
Board of Directors	\$ 28,437	\$ 3,000	\$ 31,437
Businesses	16,345	35,587	51,932
Churches	21,958	69,400	91,358
Civic Organizations	9,425	50,020	59,445
Foundations and Charities	104,236	798,332	902,568
Individuals	19,352	91,579	110,931
In Kind Contributions (Note 9)	<u>84,018</u>	<u>0</u>	<u>84,018</u>
Total Contributions	283,771	1,047,918	1,331,689
Other Revenue			
Fees for Services	3,107	52,656	55,763
Interest Income	<u>4,000</u>	<u>0</u>	<u>4,000</u>
	290,878	1,100,574	1,391,452
Net Assets Released from Restriction			
Satisfaction of Program Use (Note 10)	<u>989,415</u>	<u>(989,415)</u>	<u>0</u>
Total Revenue and Public Support	1,280,293	111,159	1,391,452
EXPENSES			
Program Services	1,093,651	0	1,093,651
Management and General	50,550	0	50,550
Fundraising	<u>8,320</u>	<u>0</u>	<u>8,320</u>
Total Expenses	<u>1,152,521</u>	<u>0</u>	<u>1,152,521</u>
INCREASE (DECREASE) IN NET ASSETS	127,772	111,159	238,931
NET ASSETS AT BEGINNING OF YEAR	<u>385,593</u>	<u>290,229</u>	<u>675,822</u>
NET ASSETS AT END OF YEAR	<u>\$ 513,365</u>	<u>\$ 401,388</u>	<u>\$ 914,753</u>

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

TEXAS RAMP PROJECT
Statement of Functional Expenses
Year Ended December 31, 2018

<u>Natural Expense Categories</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 20,250	\$ 20,250	\$ 4,500	\$ 45,000
Payroll Taxes	1,549	1,549	344	3,442
Professional Services	0	5,500	0	5,500
Advertising (Note 1j)	0	3,517	0	3,517
Office Expense	0	6,502	0	6,502
Information Technology	0	6,306	0	6,306
Fundraising	0	0	2,275	2,275
Travel	5,403	5,403	1,201	12,007
Depreciation (Note 6)	1,612	0	0	1,612
Insurance	7,632	815	0	8,447
Warehouse Rent - In Kind (Note 9)	76,949	0	0	76,949
Warehouse Utilities - In Kind (Note 9)	7,069	0	0	7,069
Ramp, Direct Costs	929,522	0	0	929,522
Warehouse	31,194	0	0	31,194
Tools	12,471	0	0	12,471
Other	0	708	0	708
Total Expenses	\$ <u>1,093,651</u>	\$ <u>50,550</u>	\$ <u>8,320</u>	\$ <u>1,152,521</u>

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

TEXAS RAMP PROJECT
Statement of Cash Flows
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 238,931
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	1,612
(Increase) in Accounts Receivable	(3,266)
(Increase) in Pledges Receivable	(238,432)
(Increase) in Prepaid Expenses	(2,168)
(Increase) in Inventory	(14,667)
(Decrease) in Accounts Payable and Accrued Liabilities	<u>(3,367)</u>
Net Cash (Used) by Operating Activities	(22,357)

CASH FLOWS FROM INVESTING ACTIVITIES

Transfers to Endowment Fund	<u>(1,335)</u>
Net Cash (Used) by Investing Activities	(1,335)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (23,692)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 470,725

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 447,033

SUPPLEMENTAL DISCLOSURES

Noncash	
In-Kind Contributions	\$ 84,018

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

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Texas Ramp Project is a 501(c)(3) nonprofit organization whose mission is to establish regional wheelchair ramp-building programs across Texas. The regional Ramp Projects provide free wheelchair ramps to elderly and disabled clients in need identified by local health care professionals. Ramps are built without regard to race, religion, ethnicity, age or gender. The Organization's vision is that no Texas resident shall lack safe access to and from his or her home because of financial limitations. The organization is a Texas nonprofit organization supported by contributions and fees for services.

Significant Accounting Policies

Management selects accounting principles generally accepted in the United States of America and adopts methods for their application. This summary of significant accounting policies selected by the Center's management is presented to assist in understanding the financial statements.

(a) Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred on the accrual basis of accounting.

(b) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, it is reasonably possible for actual results to differ from those estimates.

(c) Cash and Cash Equivalents

For statement of cash flow purposes, cash equivalents include highly liquid investments that are readily convertible to known amounts of cash. The Organization estimates that the fair value of cash and cash equivalents do not differ materially from the aggregate carrying value recorded in the accompanying statement of financial position as of December 31, 2018.

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(d) Property and Equipment

It is the Organization's policy to capitalize property and equipment with an acquisition cost greater than \$1,000. Lesser amounts are expensed. Donations of property and equipment are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. The cost of maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets. (See Note 6 below).

(e) Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

(f) Net Asset Accounting-NEW ACCOUNTING PRONOUNCEMENT

Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions (net assets subject to donor-imposed restrictions).

The unrestricted net asset class has been renamed net assets without donor restrictions (net assets not subject to donor-imposed restrictions).

The changes have the following effect on net assets at December 31, 2017:

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

	As Originally Presented	After Adoption of ASU 2016-14
Net Asset Class		
Unrestricted Net Assets	\$ 385,593	\$ -
Temporarily Restricted Net Assets	290,229	-
Net Assets Without Donor Restrictions	-	385,593
Net Assets With Donor Restrictions	-	290,229
 Total Net Assets	 \$ 675,822	 \$ 675,822

The financial statements also include a new disclosure about liquidity and availability of resources (Note 2).

(g) Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

(h) Donated Tangible Assets, Services, and Use of Property

Donated assets are recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed use of facilities or materials is recorded at their fair value at the time of the transaction.

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(i) 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. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage/usage basis.

(j) Advertising

The Organization utilizes advertising to promote its programs to its supporters and the general public. The costs of advertising are expensed when incurred and advertising expense was \$3,517 for the fiscal year ended December 31, 2018.

(k) Uncertain Tax Positions

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private Organization. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2018, the Organization believes that it has appropriate support for any tax positions taken, and as such, has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

With few exceptions, Federal information returns filed prior to 2015 for the Organization are no longer subject to examination by tax authorities.

(l) Subsequent Events

Management reviewed Type 1 subsequent events (events that reveal conditions existing at or before the balance sheet date and require adjustment to the financial statements) and Type 2 subsequent events (events that reveal conditions arising after the balance sheet date and require disclosure in, but not adjustment to, the financial statements). No subsequent events were noted.

Subsequent events were evaluated through July 31, 2019 which is the date of the report.

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(m) Recent Accounting Pronouncements

The accounting principles governing the reported amounts, presentations, and disclosures in the financial statements are subject to change from time to time based on the issuance of new pronouncements of various standard-setting bodies. New pronouncements not yet in effect as of December 31, 2018, will not have a material effect on the financial statements of financial position, activities, and cash flows.

(n) Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides for a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs based on unadjusted quoted prices for identical assets or liabilities accessible at the measurement date. *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets. *Level 3* - Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market techniques, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

	Amount
Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 447,033
Accounts Receivable	6,230
Grants Receivable	308,561
Endowment Fund	76,664
Total Financial Assets	838,488
Less Those Unavailable for General Expenditures Within One Year Due To:	
Restricted by Donor for Purpose Use	(401,388)
Board Designations Set Aside for Program Expenses	(76,664)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 360,436

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2018 totaled \$6,230. The Organization anticipates collection of all receivables in the subsequent year. An allowance for uncollectible receivables was not deemed necessary due to collection verification and past collection history of receivable accounts.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2018 totaled \$308,561. The Organization anticipates collection of all receivables in the subsequent year. An allowance for uncollectible receivables was not deemed necessary due to collection verification and past collection history of receivable accounts.

	Amount
Foundations and Charities	\$ 273,850
Churches	16,872
Civic Organizations	6,862
Individuals	4,868
Businesses	6,109
Total	\$ 308,561

NOTE 5: INVENTORY

Inventory consists of construction supplies for use to build ramps. Inventory is stated at an estimated amount per unit. A physical inventory was taken at or near year-end and is valued at \$78,790 as of December 31, 2018.

TEXAS RAMP PROJECT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 6: PROPERTY AND EQUIPMENT

Property and Equipment at December 31, 2018 consist of the following:

	Historical Cost	Accum Depreciation	Net Fixed Assets
Warehouse Building (15 years)	\$ 14,700	\$ (6,512)	\$ 8,188
Office Equipment (3 years)	1,243	(1,243)	0
Totals	<u>\$ 15,943</u>	<u>\$ (7,755)</u>	<u>\$ 8,188</u>

Depreciation expense for the fiscal year was \$1,612.

NOTE 7: BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board Designated unrestricted net assets as of December 31, 2018 consist of cash and cash equivalent balances set aside in an endowment account for the board and are available for the following purposes:

	Amount
Program Expenses	\$ 76,664
Total	<u>\$ 76,664</u>

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 consist of cash and cash equivalent balances and are available for the following purposes:

	Amount
Ramp, Direct Costs	\$ 401,388
Total	<u>\$ 401,388</u>

NOTE 9: IN-KIND DONATIONS

In-kind contributions were used for the following purposes for the year ended December 31, 2018:

Rent	\$ 76,949
Utilities	7,069
Total	<u>\$ 84,018</u>

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions as expenses were incurred which simultaneously satisfied the restricted purposes of the funds. Net assets released during the year ending December 31, 2018 are as follows:

	<u>Amount</u>
Ramp, Direct Costs	\$ 931,244
Warehouse	29,249
Tools	12,471
Travel	11,980
All Others	4,471
Total	<u>\$ 989,415</u>

NOTE 11: LEASE COMMITMENTS

The Organization signed a warehouse lease for space in Dallas, Texas on October 30, 2018. The lease is for 60 months beginning November 1, 2018 and expiring October 31, 2023 and the lease payments will vary from \$517 per month in the first year to \$646 in the fifth year. The Organization also renewed an expired lease for warehouse space in Austin, Texas on November 29, 2018. The lease is for one year beginning December 1, 2018 and expiring on November 30, 2019 with lease payments of \$1,350 per month. The Organization signed a warehouse lease for space in San Antonio, Texas on February 13, 2018. The lease is for one year beginning March 1, 2018 and expiring on February 28, 2019 with lease payments of \$350 per month and thereafter on a month-to-month basis. In addition, the Organization leases warehouse space in San Marcos, Texas on a quarter-to-quarter basis in the amount of \$975 per quarter.

Future lease commitment schedule is as follows:

	<u>Amount</u>
2019	\$ 22,373
2020	6,652
2021	7,040
2022	7,427
2023	6,458
Total	<u>\$ 49,950</u>

Warehouse rental expense for the year December 31, 2018 amounted to \$20,508.

TEXAS RAMP PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 12: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the association to concentrations of credit risk consist of cash and equivalents on deposit at financial institutions. At December 31, 2018 total deposits in excess of federally insured limits amounted to \$31,402. The Organization's bank accounts are with a credit worthy, high quality financial institution. Credit risk cash and cash equivalents is considered small.

NOTE 13: VOLUNTEER CONTRIBUTED SERVICES

The Organization uses volunteer contributed services for operations and administration. The Organization estimates the volunteer hours during the fiscal year ending December 31, 2018 to be approximately 65,000. Volunteer services are not recorded in these financial statements since they do not meet the criteria set forth in Note 1 under Donated Assets and Services.