

HOPE CLINIC OF GARLAND, INC.

Garland Texas

Financial Statements

For the Year Ended December 31, 2020

HOPE CLINIC OF GARLAND, INC.

Garland, Texas

Financial Statements

For the Year Ended December 31, 2020

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Wade R. Moran CPA, PLLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HOPE CLINIC OF GARLAND, INC.
Garland, Texas

We have audited the accompanying statements of HOPE CLINIC OF GARLAND, INC. (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 HOPE CLINIC OF GARLAND, INC. as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited HOPE CLINIC OF GARLAND, INC.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wade R. Moran, CPA

Wade R. Moran CPA, PLLC

Dallas, Texas

November 15, 2021

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Hope Clinic of Garland, Inc.
Statement of Financial Position
December 31, 2020 with Summarized Comparative Totals for 2019

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2-Section 4 and Note 3)	\$ 304,591	\$ 641,280
Accounts and Grants Receivable (Notes 3 and 4)	468,645	165,382
Other Receivables (Employees)	0	1,250
Prepaid Expenses	5,088	6,220
Total Current Assets	778,324	814,132
Net Property and Equipment (Note 2-Section 5 and Note 5)	508,914	532,755
Other Assets		
Investments (Note 6)	6,705	10,467
Total Other Assets	6,705	10,467
TOTAL ASSETS	\$ 1,293,943	\$ 1,357,354
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 56,701	\$ 11,025
Accrued Liabilities	0	6,307
Note Payable (Note 7)	90,988	0
Total Liabilities (All Current)	147,689	17,332
Net Assets (Note 2-Section 7)		
Without Restrictions	861,072	1,054,840
Without Restrictions-Board Designated	150,000	150,000
With Restrictions (Notes 3 and 8)	135,182	135,182
Total Net Assets	1,146,254	1,340,022
TOTAL LIABILITIES AND NET ASSETS	\$ 1,293,943	\$ 1,357,354

The accompanying notes are an integral part of the financial statements

Hope Clinic of Garland, Inc.
Statement of Activities
Year Ended December 31, 2020 with Summarized Comparative Totals for 2019

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2020</u>	<u>Total 2019</u>
REVENUE AND PUBLIC SUPPORT				
Contributions	\$ 443,043	\$ 0	\$ 443,043	\$ 396,903
Grants (Note 9)	380,431	0	380,431	234,542
Fundraising Income (Note 10)	0	0	0	121,985
In-Kind Contributions (Note 11)	2,323,815	0	2,323,815	1,967,613
Unrealized (Loss) on Investments (Note 6)	(3,762)	0	(3,762)	0
Other Income	0	0	0	6,384
Interest Income	1,761	0	1,761	7,977
	<u>3,145,288</u>	<u>0</u>	<u>3,145,288</u>	<u>2,735,404</u>
Total Revenue and Public Support				
Net Assets Released from Restriction (Note 12)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue and Public Support	3,145,288	0	3,145,288	2,735,404
EXPENSES				
Program Services	3,044,831	0	3,044,831	2,595,877
Management and General	205,227	0	205,227	209,537
Fundraising	88,998	0	88,998	82,789
	<u>3,339,056</u>	<u>0</u>	<u>3,339,056</u>	<u>2,888,203</u>
Total Expenses				
CHANGE IN NET ASSETS	(193,768)	0	(193,768)	(152,799)
NET ASSETS AT BEGINNING OF YEAR	<u>1,204,840</u>	<u>135,182</u>	<u>1,340,022</u>	<u>1,492,821</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,011,072</u>	<u>\$ 135,182</u>	<u>\$ 1,146,254</u>	<u>\$ 1,340,022</u>

The accompanying notes are an integral part of the financial statements

Hope Clinic of Garland, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020 with Summarized Comparative Totals for 2019

<u>Natural Expense Categories</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2020</u>	<u>2019</u>
Salaries and Wages	\$ 290,734	\$ 141,570	\$ 38,764	\$ 471,068	\$ 403,514
Payroll Taxes	21,303	10,373	2,840	34,516	27,973
Employee Benefits	47,226	22,996	6,296	76,518	53,476
In-Kind Medical Services (Note 11)	123,779	0	0	123,779	394,232
In-Kind Lab Fees (Note 11)	209,474	0	0	209,474	253,513
In-Kind Medications (Note 11)	1,963,202	0	0	1,963,202	1,282,928
Contract Services	216,124	1,110	833	218,067	250,916
Advertising/Promotion (Note 2-Section 10)	0	0	29,165	29,165	22,184
Medical Expenses	38,334	0	0	38,334	30,632
Office Expense	22,462	6,912	5,184	34,558	45,160
Professional Fees	12,323	3,791	2,844	18,958	14,665
In-Kind Accounting Fees	0	0	0	0	9,580
Occupancy	26,088	6,522	0	32,610	21,911
In-Kind Rent (Note 11)	24,624	2,736	0	27,360	27,360
Conferences and Meetings	1,679	315	105	2,099	9,065
Miscellaneous Expenses	10,278	1,927	642	12,847	0
Depreciation Expense (Note 5)	19,073	3,576	1,192	23,841	24,055
Insurance	18,128	3,399	1,133	22,660	17,039
Total Expenses	\$ 3,044,831	\$ 205,227	\$ 88,998	\$ 3,339,056	\$ 2,888,203

The accompanying notes are an integral part of the financial statements

Hope Clinic of Garland, Inc.
Statement of Cash Flows
Year Ended December 31, 2020 with Summarized Comparative Totals for 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (193,768)	\$ (152,799)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	23,841	24,055
Unrealized Loss on Investment	3,762	0
Change in Accounts and Grants Receivable	(303,263)	(70,233)
Change in Other Receivables	1,250	(1,250)
Change in Prepaid Expenses	1,132	(720)
Change in Accounts Payable	45,676	(8,238)
Change in Accrued Liabilities	(6,307)	(3,958)
Net Cash Provided (Used) by Operating Activities	(427,677)	(213,143)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	0	(14,680)
Investment Purchase	0	(10,467)
Net Cash Provided (Used) by Investing Activities	0	(25,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA Loan	90,988	0
Net Cash Provided (Used) by Financing Activities	90,988	0
CHANGE IN CASH AND CASH EQUIVALENTS	(336,689)	(238,290)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	641,280	879,570
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 304,591	\$ 641,280
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Noncash		
In-Kind Donations	\$ 2,323,815	\$ 1,967,613
Unrealized Loss on Investment	3,762	0

The accompanying notes are an integral part of the financial statements

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 1 – NATURE OF ACTIVITIES

Hope Clinic of Garland, Inc., (hereinafter “Organization) exists “to share the love of Jesus Christ by partnering with our community to provide primary healthcare and resources for healthy living to the underserved population in Dallas County, Texas. The organization is a Texas, faith-based charitable clinic, supported by contributions from: individuals, corporations, foundations, the government, and other nonprofits. Hope Clinic serves residents living at or below 200% of the poverty threshold, and without health insurance or medical assistance coverage. Primary healthcare is available to adults 18 years and older who are able to show proof of Dallas County residency, the current household income level, and affirmation of non-participation in a medical coverage program. Of significance, is that Hope Clinic has been awarded annually the highest level of recognition as a Patient Centered Medical Home, Level III, by the National Committee for Quality Assurance (NCQA), denoting excellence in medical care as a health model for patients in need of care.

The Clinic’s Medical Focus Areas: Dermatology, Endocrinology, Optometry, Rheumatology and Women’s Health.

Hope Clinic patient services are:

- Chronic Health Management Program
- Behavioral Health Program
- Rx Assist Plus Prescription Assistance Program
- Clinical Pathology Laboratories, providing free lab and pathology services
- Referral Coordination for specialists, diagnostics and procedures
- Spiritual care support is provided by trained staff and volunteers
- Texas Health and Human Services, access to long-term wraparound services
- Access to local community resources

In 2019, the Organization had a total of 4,004 patient encounters and in 2020, Hope Clinic served 3,519 patients. The decrease in 2020 was due to COVID-19 restrictions put in place from January to May.

The organization is a Texas nonprofit organization supported by contributions and grants.

NOTE 2 - SUMMARY OF 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 Organization’s management is presented to assist in understanding the financial statements.

- 1) 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.
- 2) Programs - The Organization pursues its objectives through the execution of these major programs:
 - Program Services-The Organization provides primary health care and resources for healthy living to the underserved population in Garland, Texas.
 - Supporting Services
 - Fundraising-This program supports the general operations of the Organization.
 - General and administrative-This program supports the general operations of the Organization.
- 3) 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.

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 4) 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, 2020.
- 5) 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.
- 6) 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.
- 7) 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).
- 8) 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.
- 9) Donated Assets and Services - Donated property is 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.
- 10) Advertising - The Organization utilizes advertising primarily to promote its programs to supporters and the general public. The costs of advertising are expensed when incurred and advertising expense was \$29,165 for the year ended December 31, 2020.

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 11) 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 usage basis.
- 12) 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 foundation. 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, 2020, the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. With few exceptions, Federal information returns filed prior to 2017 for the Organization are no longer subject to examination by tax authorities.
- 13) 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). One Type 2 subsequent event was noted. On January 30, 2020, the World Health Foundation (“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 2020 or 2021. Subsequent events were evaluated through November 15, 2021 which is the date of the report. The Organization did receive an SBA PPP Loan to provide short-term COVID-19 Relief on April 15, 2020 (See Note 7).
- 14) 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, 2020, will not have a material effect on the financial statements of financial position, activities, and cash flows.
- 15) Fair Value Measurements and Disclosures - 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, and
 - Level 3* - Unobservable inputs for the asset or liability including the reporting entity’s own assumptions in determining the fair value measurement.

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The estimated fair values of the Organization's financial instruments not measured at fair value, including cash and cash equivalents, receivables and accounts payable and accrued liabilities approximated their carrying values based on the short-term nature of these items as of December 31, 2020.

- 16) Prior Year Summarized Financial Information – The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

NOTE 3 – 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.

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 304,591
Grants Receivable	<u>468,645</u>
Total Financial Assets Available	773,236
Less: Board Designations	(150,000)
Less: Donor Imposed Restrictions	<u>(135,182)</u>
Financial Assets Available to Meet Cash Needs	
General Expenditures within One Year	<u>\$ 488,054</u>

NOTE 4 – ACCOUNTS AND GRANTS RECEIVABLES

Grant receivables as of December 31, 2020 were from the following sources:

Parkland Health and Hospital Systems	\$ 150,000
City of Garland	316,305
Other Foundations	<u>2,340</u>
Total	<u>\$ 468,645</u>

All prior year grants receivable were collected. The Organization does not have a history of uncollectible receivables, therefore there is no allowance for doubtful accounts recorded as of December 31, 2020 for grants receivable.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment are used for operating purposes and consisted of the following at December 31, 2020:

Furniture and Equipment (5-10 years)	\$ 117,270
Leasehold Improvements (39-40 years)	<u>584,657</u>
Total Property and Equipment	701,927
Less: Accumulated Depreciation	<u>(193,013)</u>
Net Property and Equipment	<u>\$ 508,914</u>

Depreciation expense for the year ended December 31, 2020 was \$23,841.

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 6 – INVESTMENTS

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The fair value of investments as of December 31, 2020, consists of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	<u>\$ 6,705</u>	<u>\$ 6,705</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 6,705</u>	<u>\$ 6,705</u>	<u>\$ 0</u>	<u>\$ 0</u>

Investment activity consisted of the following for the year ended December 31, 2020:

Beginning Balance	\$ 0
Donated Stock	10,467
Net Unrealized Gain (Loss)	<u>(3,762)</u>
Total Investment Activity	<u>6,705</u>
Ending Balance	<u>\$ 6,705</u>

Investment securities consist of various securities held in a brokerage account. These securities are reflected in the statement of financial position at fair market values of \$6,705.

NOTE 7 – NOTE PAYABLE

The Organization obtained an SBA PPP loan through a financial institution in the amount of \$90,988 on April 15, 2020 with an interest rate of 1% and all remaining principal and accrued interest is due and payable two (2) years from date of the Note. The amount of the Loan is forgivable, both principal and interest, if the Loan qualifies for such forgiveness under sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act) and specifically Section 1102 of the Act titled the "Paycheck Protection Program". The Loan is unsecured and there is no guaranty of this Loan. The balance of the loan as of December 31, 2020 is \$90,988. Forgiveness of the balance of the note has been requested.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 consist of cash and cash equivalent balances and are available from the following sources:

Purpose (Use) Restriction	
Medical Assistance	\$ 60,586
Capital Improvements	<u>74,596</u>
Total	<u>\$ 135,182</u>

NOTE 9 – GRANTS REVENUE

Grant revenues from other agencies for the year ended December 31, 2020 were from the following sources:

City of Garland-CARES Grant	\$ 325,000
Garland Health Facility	25,000
Other Grants	<u>30,431</u>
Total	<u>\$ 380,431</u>

NOTE 10– FUNDRAISING EVENTS

Due to COVID-19 restrictions, fundraising events were not held in person. As a result, all fundraising activities were conducted online, via mail, and telephone solicitation. The proceeds from these significant efforts are included in Contribution revenues in 2020.

HOPE CLINIC OF GARLAND, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 11 – IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2020 were used for the following purposes:

Facilities	\$ 27,360
Medications	1,963,202
Medical Services	123,779
Lab Fees	<u>209,474</u>
Total	<u>\$ 2,323,815</u>

NOTE 12 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released during the year ending December 31, 2020 are as follows:

Medical Assistance	\$ <u>0</u>
Total	<u>\$ 0</u>

NOTE 13 - LEASE COMMITMENTS

The space that the Organization leases from Lake Pointe Church is located at 800 South Sixth Street, Garland, Texas and the amount of space leased is approximately 4,845 square feet. The lease term commenced October 1, 2014 and expires October 31, 2024. The rent is \$1 per annum. The lease requires specific levels of insurance to be held by the Organization. Policies satisfying lease requirements were in effect at December 31, 2020.

NOTE 14 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and equivalents on deposit at financial institutions. The Organization's bank accounts are with a credit worthy, high quality financial institutions. Credit risk of cash and cash equivalents is considered small.

NOTE 15 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and personal days off, depending on length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to expense the costs of compensated absences when actually paid to employees.

NOTE 16 – VOLUNTEER CONTRIBUTED SERVICES

The Organization is assisted by volunteers who contributed services to the programs of the Organization. A substantial number of board members also contribute their services to develop programs and assist in program administration. The Organization estimates volunteer hours during the year ended December 31, 2020 to be approximately 2,000. Volunteer services provided by volunteers and board members are not recorded in these financial statements since they do not meet the criteria set forth in Note 2 under Donated Assets and Services.