

The Parenting Center

**Financial Statements
December 31, 2023 and 2022**

The Parenting Center

Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditors' Report

To the Board of Directors of
The Parenting Center

Opinion

We have audited the accompanying financial statements of The Parenting Center (a nonprofit organization)(Center), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 the Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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 Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

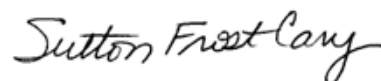
Auditors' Responsibilities for the Audit of the Financial Statements

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



A Limited Liability Partnership

Arlington, Texas
September 20, 2024

The Parenting Center
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 789,230	\$ 328,515
Investments	860,305	792,460
Pledges receivable	60,000	150,052
Grants receivable	287,409	649,092
Other receivables	8,156	11,032
Prepaid expenses	15,155	12,206
Total current assets	2,020,255	1,943,357
Other assets:		
Property and equipment, net	863,384	909,664
Cash equivalents restricted for endowment	108,583	108,583
Total other assets	971,967	1,018,247
Total assets	<u>\$ 2,992,222</u>	<u>\$ 2,961,604</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 83,942	\$ 66,210
Accrued liabilities	15,521	20,181
Agency liability	11,882	13,062
Total liabilities	111,345	99,453
Net assets:		
Without donor restrictions	2,754,575	2,616,872
With donor restrictions	126,302	245,279
Total net assets	2,880,877	2,862,151
Total liabilities and net assets	<u>\$ 2,992,222</u>	<u>\$ 2,961,604</u>

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants and contracts	\$ 2,450,823	\$ -	\$ 2,450,823
Contributions of financial assets	295,764	75,000	370,764
Contributions of nonfinancial assets	10,915	-	10,915
Special events (net of direct costs of \$46,443)	30,087	-	30,087
Program service fees, net	158,769	-	158,769
Investment income, net	69,245	-	69,245
Other income	31,537	-	31,537
Net assets released from restrictions	193,977	(193,977)	-
Total revenue and support	3,241,117	(118,977)	3,122,140
Expenses:			
Program services:			
Clinical	310,988	-	310,988
Education	2,376,444	-	2,376,444
Total program services	2,687,432	-	2,687,432
Administrative	232,729	-	232,729
Fundraising	183,253	-	183,253
Total expenses	3,103,414	-	3,103,414
Change in net assets	137,703	(118,977)	18,726
Net assets at beginning of year	2,616,872	245,279	2,862,151
Net assets at end of year	\$ 2,754,575	\$ 126,302	\$ 2,880,877

See notes to financial statements.

The Parenting Center
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Government grants and contracts	\$ 2,356,136	\$ -	\$ 2,356,136
Contributions of financial assets	274,287	194,962	469,249
Contributions of nonfinancial assets	21,665	-	21,665
Special events (net of direct costs of \$42,070)	45,371	-	45,371
Program service fees, net	231,547	-	231,547
Investment loss, net	(61,305)	-	(61,305)
Other income	34,159	-	34,159
Net assets released from restrictions	79,422	(79,422)	-
Total revenue and support	2,981,282	115,540	3,096,822
Expenses:			
Program services:			
Clinical	404,316	-	404,316
Education	2,310,885	-	2,310,885
Total program services	2,715,201	-	2,715,201
Administrative	248,959	-	248,959
Fundraising	197,943	-	197,943
Total expenses	3,162,103	-	3,162,103
Change in net assets from operations	(180,821)	115,540	(65,281)
Non-operating income:			
Gain on forgiveness of debt	16,685	-	16,685
Employee retention credit	20,955	-	20,955
Total non-operating income	37,640	-	37,640
Change in net assets	(143,181)	115,540	(27,641)
Net assets at beginning of year	2,760,053	129,739	2,889,792
Net assets at end of year	\$ 2,616,872	\$ 245,279	\$ 2,862,151

See notes to financial statements.

The Parenting Center
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Administrative	Fundraising	Total Expenses
	Clinical	Education	Total			
Compensation and related costs	\$ 213,504	\$ 1,116,183	\$ 1,329,687	141,557	\$ 130,161	\$ 1,601,405
Professional fees	13,861	140,791	154,652	15,635	30,469	200,756
Supplies	2,695	161,483	164,178	7,059	3,561	174,798
Telephone	3,710	21,724	25,434	2,500	1,672	29,606
Postage	154	1,158	1,312	24	545	1,881
Occupancy	11,784	50,855	62,639	5,122	3,149	70,910
Printing	267	7,555	7,822	114	537	8,473
Local transportation	-	7,043	7,043	1,473	122	8,638
Conferences/travel/meals	360	56,348	56,708	145	170	57,023
Marketing	749	36,266	37,015	650	3,308	40,973
Dues and subscriptions	11,577	27,296	38,873	3,483	8,017	50,373
Board and staff meetings	-	396	396	2,449	55	2,900
Equipment	1,390	3,908	5,298	1,039	744	7,081
Recruitment	650	3,776	4,426	162	15	4,603
Insurance	5,557	7,595	13,152	603	728	14,483
Contracted agencies and subrecipients	-	734,067	734,067	-	-	734,067
Contract counseling	44,730	-	44,730	-	-	44,730
Special events	-	-	-	-	46,443	46,443
Depreciation	-	-	-	50,714	-	50,714
Total expenses	\$ 310,988	\$ 2,376,444	\$ 2,687,432	\$ 232,729	\$ 229,696	\$ 3,149,857
Less: expenses included with revenues on the statement of activities						
Direct costs of special events	-	-	-	-	(46,443)	(46,443)
Total expenses included in the expense section on the statement of activities	\$ 310,988	\$ 2,376,444	\$ 2,687,432	\$ 232,729	\$ 183,253	\$ 3,103,414

See notes to financial statements.

The Parenting Center
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Administrative	Fundraising	Total Expenses
	Clinical	Education	Total			
Compensation and related costs	\$ 293,716	\$ 1,075,754	\$ 1,369,470	\$ 156,882	\$ 168,092	\$ 1,694,444
Professional fees	12,863	122,442	135,305	20,886	4,544	160,735
Supplies	5,784	198,020	203,804	9,435	3,343	216,582
Telephone	3,771	22,514	26,285	1,851	1,657	29,793
Postage	146	1,617	1,763	41	496	2,300
Occupancy	12,470	35,417	47,887	5,336	3,329	56,552
Printing	373	8,314	8,687	598	764	10,049
Local transportation	181	4,382	4,563	1,049	272	5,884
Conferences/travel/meals	659	69,833	70,492	142	400	71,034
Marketing	893	47,122	48,015	317	2,178	50,510
Dues and subscriptions	14,281	14,404	28,685	1,006	11,628	41,319
Board and staff meetings	166	1,271	1,437	598	46	2,081
Equipment	1,515	8,875	10,390	783	530	11,703
Recruitment	2,732	3,087	5,819	1,154	10	6,983
Insurance	6,187	7,379	13,566	676	654	14,896
Contracted agencies	-	690,454	690,454	-	-	690,454
Contract counseling	48,579	-	48,579	-	-	48,579
Special events	-	-	-	-	42,070	42,070
Depreciation	-	-	-	48,205	-	48,205
Total expenses	\$ 404,316	\$ 2,310,885	\$ 2,715,201	\$ 248,959	\$ 240,013	\$ 3,204,173
Less: expenses included with revenues on the statement of activities						
Direct costs of special events	-	-	-	-	(42,070)	(42,070)
Total expenses included in the expense section on the statement of activities	\$ 404,316	\$ 2,310,885	\$ 2,715,201	\$ 248,959	\$ 197,943	\$ 3,162,103

See notes to financial statements.

The Parenting Center
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 18,726	\$ (27,641)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	50,714	48,205
Net realized and unrealized (gain) loss on investments	(46,447)	76,246
Changes in assets and liabilities:		
Pledges receivable	90,052	(117,910)
Grants receivable	361,683	(453,661)
Other receivable	2,876	554,374
Prepaid expenses	(2,949)	3,504
Accounts payable	17,732	(16,898)
Accrued liabilities	(4,660)	653
Agency liability	(1,180)	(12,599)
Net cash provided by operating activities	486,547	54,273
Cash flows from investing activities:		
Purchases of property and equipment	(4,434)	(62,336)
Purchases of investments	(21,398)	(180,693)
Proceeds from sales of investments	-	167,050
Net cash used by investing activities	(25,832)	(75,979)
Net change in cash and cash equivalents	460,715	(21,706)
Cash and cash equivalents at beginning of year	437,098	458,804
Cash and cash equivalents at end of year	\$ 897,813	\$ 437,098
Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	\$ 789,230	\$ 328,515
Cash equivalents restricted for endowment	108,583	108,583
Total cash and cash equivalents shown on the statement of cash flows	\$ 897,813	\$ 437,098

See notes to financial statements.

The Parenting Center

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 and insurance providers. 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. It is the Center's longest running program.

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

Parent Coaching- The Parent Coaching program utilizes trained educators to coach parents on challenging behaviors they may be experiencing through evidence-based practices (including Trust-Based Relational Intervention and Nurturing Parenting). The program will increase trust between caregivers/parents and their kids while giving them the tools to talk with their kids in a way they can appreciate and understand. It serves families who have children between the ages of 3 and 16 through in-office, virtual, or in-home visits to best meet the needs of clients. Funding is provided through foundation grants and sliding fee scales for clients.

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 Together project for an eleven county region.

The Parenting Center

Notes to Financial Statements

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 Students- This project is a relationship education program for youth (grades 9-12) that provides a comprehensive trauma-informed, data-driven service to improve youth relationship skills, communication, and budgeting skills. The project coordinates with organizations and high schools in Tarrant County to reach the youth in grades 9-12. Funding for this program is provided by a READY4Life grant through the U.S. Department of Health and Human Services.

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.

Future First- The Future First project is designed to empower and help teens (grades 9-12) to think about their future. This project focuses on all aspects of a teen's well-being including knowing themselves, relationships today, what healthy relationships are, and pregnancy, STIs and HIV. This project serves youth through Tarrant County high schools and other community-based organizations for those who may be at a higher risk of having faced an Adverse Childhood Experience (ACE). Funding is provided by a PREP Competitive grant 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 accounting principles generally accepted in the United States of America (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:

The Parenting Center

Notes to Financial Statements

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. Grants receivable are unsecured and are due from various government agencies. Pledges receivable are unsecured and are due from various donors. For the years ending December 31, 2023 and 2022, the entirety of grants receivable is due from one government agency. For the years ending December 31, 2023 and 2022, 92% and 97% of pledges receivable are due from two and three donors, respectively. The Center continually evaluates the collectability of grants and pledges receivable and maintains allowances for potential losses, if considered necessary. For the years ending December 31, 2023 and 2022, no allowance was considered necessary. All receivables are expected to be collected within one year. 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. The Center had uninsured cash balances of \$296,085 as of December 31, 2023.

The Parenting Center

Notes to Financial Statements

Cash and Cash Equivalents

Cash and 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, certificate of deposit, mutual funds, equities and a real estate investment trust and are stated at fair value in the statement of financial position.

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 as 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 2023 and 2022.

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 \$34,404 and \$60,778 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

The Parenting Center

Notes to Financial Statements

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, 2023 and 2022.

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 \$2,175,559 a that had not been recognized at December 31, 2023, because qualifying expenditures had not yet been incurred.

Contributions of nonfinancial assets are reflected as contributions at their estimated fair values at date of receipt. The Center recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non financial assets or require specialized sills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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, 2023 and 2022, 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.

The Parenting Center

Notes to 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, 2023 and 2022, 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.

Reclassification

Certain items in the 2022 financial statements have been reclassified to conform to current year classifications, specifically, cash, investments, pledges, grants and other receivables, on the statement of financial position and pledges, grants, other receivables and purchases of investments on the statement of cash flows.

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:

The Parenting Center

Notes to Financial Statements

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 and Exchange Traded Funds

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.

Certificate of Deposit

The certificates of deposit is valued based on cost plus accrued interest. The interest rate is 5.1% and the maturity date is February 12, 2024.

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

	2023	2022
Money market funds	\$ 342,727	\$ 445,106
Certificate of deposit	149,964	-
Mutual funds:		
Stock funds	151,718	171,401
Bond funds	32,903	51,147
Exchange traded products:		
Equity	50,020	41,318
Fixed income	58,107	24,943
Equity securities:		
Common stock	74,866	58,545
	<u>\$ 860,305</u>	<u>\$ 792,460</u>

The Parenting Center

Notes to Financial Statements

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

	2023	2022
Dividends and interest	\$ 25,019	\$ 17,172
Realized loss on investments	(5,232)	(10,688)
Unrealized gain (loss) on investments	51,679	(65,558)
Fees	(2,221)	(2,231)
	<u>\$ 69,245</u>	<u>\$ (61,305)</u>

4. Property and Equipment

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

	2023	2022
Land and buildings	\$ 1,813,642	\$ 1,809,208
Equipment	141,202	141,202
Computer and network	271,554	271,554
Furniture and fixtures	250,098	250,098
	2,476,496	2,472,062
Accumulated depreciation	<u>(1,613,112)</u>	<u>(1,562,398)</u>
	<u>\$ 863,384</u>	<u>\$ 909,664</u>

Depreciation expense totaled \$50,714 and \$48,205 for the years ended December 31, 2023 and 2022, respectively.

5. Involuntary Conversion

During the year ended December 31, 2022, the Center's properties suffered from extensive water damage due to burst pipes. Insurance covered the damage that resulted in a gain on involuntary conversion of assets in the amount of \$16,685 reported in the statement of activities for the year ended December 31, 2022.

6. 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)

The Parenting Center

Notes to Financial Statements

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. 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, 2023 are as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	\$ -	\$ 108,583	\$ 108,583
Investment income	5,260	-	5,260
Appropriation of assets for expenditure	(5,260)	-	(5,260)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 108,583</u>	<u>\$ 108,583</u>

The Parenting Center

Notes to Financial Statements

Changes in donor-restricted endowment funds for the year ended December 31, 2022 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	1,298	-	1,298
Appropriation of assets for expenditure	(1,298)	-	(1,298)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 108,583</u>	<u>\$ 108,583</u>

7. Net Assets With Donor Restrictions

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

	2023	2022
Capital repairs and improvements	\$ -	\$ 5,919
Clinical	-	125,000
Technology and software	-	217
Rebranding	-	5,560
Parent coaching	17,719	-
Restricted in perpetuity	<u>108,583</u>	<u>108,583</u>
	<u>\$ 126,302</u>	<u>\$ 245,279</u>

8. 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 May 2025. 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, 2023 or 2022.

9. Contributed Nonfinancial Assets

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, 2023 and 2022, \$10,915 and \$21,665, respectively, were recognized as donated services revenue. These contributions of nonfinancial assets were fully utilized for program services and were value based on the fair market value of equivalent services during the years ended December 31, 2023 and 2022.

The Parenting Center

Notes to Financial Statements

During the years ended December 31, 2023 and 2022, the Center's activities that benefited from professional volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2023	2022
Clinical services	295	619

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, 2023 and 2022, the Center's activities that benefited from non-specialized volunteer assistance were primarily as follows, based on estimates of management:

	Approximate Hours	
	2023	2022
Board of directors - no revenue recognized	84	122

10. 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:

	2023	2022
Cash and cash equivalents	\$ 897,813	\$ 328,515
Investments	860,305	792,460
Pledges receivable	60,000	150,052
Grants receivable	287,409	649,092
Other receivable	8,156	11,032
Total financial assets	2,113,683	1,931,151
Less amounts not available for general expenditure within one year, due to:		
Restricted in perpetuity	108,583	108,583
Donor imposed restrictions	17,719	136,696
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,987,381</u>	<u>\$ 1,685,872</u>

The Parenting Center

Notes to Financial Statements

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 8).

11. 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, 2023 and 2022, the Center's discretionary match was set at 5% of participant contributions. The Center's matching contributions totaled approximately \$24,000 and \$34,000 for the years ended December 31, 2023 and 2022, respectively.

12. 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.

13. Employee Retention Credit

During the year ended December 31, 2021 the Center was eligible to receive the Employee Retention Credit pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020. When the Center received the credit payment during the year ended December 31, 2022, they were also paid interest on the credit totaling \$20,955, which has been included in the accompanying financial statements as non-operating income for the year then ended.

The Parenting Center
Notes to Financial Statements

14. Subsequent Events

Subsequent to December 31, 2023, the Center entered into a new lease for office equipment expiring in March 2029 that consists of monthly payments of \$290.

The Center evaluated subsequent events through September 20, 2024, the date the financial statements were available to be issued and concluded that no additional disclosures are required.