

LUFKIN NEIGHBORHOOD STRONG
FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 31, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Lufkin Neighborhood Strong
Lufkin, Texas

We have reviewed the accompanying financial statements of Lufkin Neighborhood Strong (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
March 12, 2021

FINANCIAL STATEMENT

LUFKIN NEIGHBORHOOD STRONG
STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2020

	DECEMBER 31, 2020
ASSETS	
Current Assets:	
Cash for operations	\$ 292 480
Prepaid expenses	2 325
TOTAL CURRENT ASSETS	294 805
TOTAL ASSETS	\$ 294 805
LIABILITIES	
Deferred revenues	\$ 27 500
Note payable	149 900
TOTAL LIABILITIES	177 400
NET ASSETS	
Without donor restrictions	117 405
TOTAL NET ASSETS	117 405
TOTAL LIABILITIES AND NET ASSETS	\$ 294 805

The accompanying notes are an integral part of this financial statement.

LUFKIN NEIGHBORHOOD STRONG
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS
Revenue and Other Support:			
Government grants	\$ -	\$ 166 497	\$ 166 497
Private grants	-	213 859	213 859
Donations	51 857	-	51 857
Investment earnings	200	-	200
Fees	18 430	-	18 430
Net assets released from restrictions	380 356	(380 356)	-
TOTAL REVENUE AND OTHER SUPPORT	450 843	-	450 843
Expense			
Program:			
Contractors	313 080	-	313 080
Subcontractors	7 685	-	7 685
Inspectors	2 970	-	2 970
Other	478	-	478
TOTAL PROGRAM	324 213	-	324 213
Management and General:			
Salaries and benefits	78 373	-	78 373
Accounting fees	795	-	795
Insurance	2 707	-	2 707
General supplies	4 473	-	4 473
Advertising and marketing	506	-	506
Equipment	1 217	-	1 217
Rent	6 939	-	6 939
Other expenses	2 000	-	2 000
TOTAL MANAGEMENT AND GENERAL	97 010	-	97 010
TOTAL EXPENSES	421 223	-	421 223
CHANGE IN NET ASSETS	29 620	-	29 620
Net assets, beginning of fiscal year	87 785	-	87 785
NET ASSETS, END OF FISCAL YEAR	\$ 117 405	\$ -	\$ 117 405

The accompanying notes are an integral part of this financial statement.

LUFKIN NEIGHBORHOOD STRONG
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	DECEMBER 31, 2020
Cash Flows from Operating Activities:	
Net change in net assets	\$ 29 620
Adjustments to Reconcile Net Changes in Net Assets to Cash Provided by Operating Activities:	
Add (Subtract) Changes in Accounts:	
Prepaid expenses	(2 327)
Deferred revenues	27 500
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	54 793
Cash Flows from Financing Activities:	
Note proceeds	149 900
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	149 900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	204 693
Cash and cash equivalents at beginning of year	87 787
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 292 480
Supplemental Disclosure:	
Interest paid	\$ -

The accompanying notes are an integral part of this financial statement.

LUFKIN NEIGHBORHOOD STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lufkin Neighborhood Strong (the "Organization") was established to enhance the quality of life of residents in North Lufkin and other parts of the City by working with other charitable organizations, private foundations, and government agencies to coordinate home renovations, repairs and when appropriate the demolition of vacant properties to improve the local neighborhoods. The Organization received most of its funding from grants and donations.

Basis of Presentation

The accounting policies of the Organization have been designed to conform to U.S. generally accepted accounting principles (U.S. GAAP) as applicable to not-for-profit organizations. The financial statements of the Organization have been presented on the accrual basis; consequently, revenue is recognized when earned and expenses are recognized when incurred. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Restricted and Unrestricted Revenue and Support

Unrestricted contributions received for the Organization's programs are recognized as support when received. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same year are not reported as unrestricted support.

Federal Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 and, therefore, has no provision for federal income taxes. The Organization is not a private foundation within the meaning of Section 501(a) of the Internal Revenue Code. Form 990 is filed annually.

The Organization believes that all significant tax positions utilized by the Organization will "more likely than not" be sustained upon examination. As of December 31, 2020, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the fiscal year 2017 forward (with limited exceptions).

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, which includes petty cash, demand deposits, and certain money market accounts.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2 - COLLATERALIZED DEPOSITS

The Organization maintains its cash deposits in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The cash deposits, including certificates of deposit, at financial institutions at December 31, 2020, had a book balance of \$292,480. At December 31, 2020, no cash balances exceeded FDIC coverage.

LUFKIN NEIGHBORHOOD STRONG
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary liquidity resources are donations from the general public and grant activity.

The following reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. There are no internal designations for expenditures as of December 31, 2020. Current assets, excluding non-financial assets, below, equals total current assets on the statement of financial position, less prepaid expenses as of December 31, 2020. Financial assets available to meet cash needs for general expenditures within one year includes reductions for contractual restrictions on use of financial assets securing remaining debt and deferred revenues.

	2020
Current assets, excluding nonfinancial assets	\$ 292 480
Less: deferred revenue and current portion of notes payable	28 609
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 263 871

NOTE 4 - LONG-TERM OBLIGATION

The Organization received a \$149,900 Emergency Injury Disaster Loan (EIDL) from the U.S. Small Business Administration as part of the Federal COVID-19 relief effort. The loan was for 30 years at 2.75% interest with the repayments beginning in one year. The note matures on August 2050.

	BALANCE JANUARY 1, 2020	INCREASES	DECREASES	BALANCE DECEMBER 31, 2020	AMOUNT DUE WITHIN ONE YEAR
Debt Obligations:					
USDA Mortgage payable	\$ -	\$ 149 900	\$ -	\$ 149 900	\$ 1 109
TOTAL ACTIVITIES	\$ -	\$ 149 900	\$ -	\$ 149 900	\$ 1 109

Debt service requirements on long-term debt for future periods are as follows:

YEAR ENDING December 31,	PRINCIPAL	INTEREST	TOTAL
2021	\$ 1 109	\$ 5 578	\$ 6 687
2022	3 389	4 147	7 536
2023	3 484	4 052	7 536
2024	3 580	3 956	7 536
2025	3 681	3 855	7 536
Thereafter	134 657	54 347	189 004
TOTALS	\$ 149 900	\$ 75 935	\$ 225 835

NOTE 5 – DEFERRED REVENUE

Deferred revenue consist of the following donated funds:

	December 31, 2020
Deferred Revenue:	
Fisch Foundation	\$ 15 000
Kurth Capacity Building	12 500
TOTAL DEFERRED REVENUE	\$ 27 500

NOTE 6 - SUBSEQUENT EVENT

The Organization did not have any subsequent events through March 12, 2021, which is the date the financial statements were issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

A novel strain of coronavirus (COVID-19) was spread to the United States of America in January and February 2020. The World Health Organization declared the outbreak to constitute a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and vendors all of which are uncertain and cannot be predicted. As of the date these financial statements are issued, COVID-19 had not materially affected results of operations in 2020. However, the impact of response efforts on future operations cannot be predicted.