

**ANOTHER CHANCE HOUSE**

**Financial Statements**

**December 31, 2024**

**(with independent auditor's report thereon)**



## **Independent Auditor's Report**

The Board of Directors  
Another Chance House:

### ***Opinion***

We have audited the accompanying financial statements of Another Chance House (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Another Chance House as of December 31, 2024, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Another Chance House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The financial statements of Another Chance House for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 3, 2024.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Another Chance House's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore there 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 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 Another Chance House'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 Another Chance House'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.

*Wilson Haag, PLLC*

**ANOTHER CHANCE HOUSE**

**Statements of Financial Position**

**December 31, 2024**

**Assets**

Current assets:

Cash	\$ 175,376
Certificates of deposit (note 3)	222,139
Contributions receivable	91,216
Other current assets	20,739

Total current assets 509,470

Property and equipment, at cost less  
accumulated depreciation (note 4) 1,424,204

Beneficial interest in endowment fund held  
by a community foundation (note 3 and 5) 164,138

\$ 2,097,812

**Liabilities and Net Assets**

Current liabilities - accounts payable and  
other current liabilities 13,784

Net assets:

With donor restrictions (note 6)	123,540
Without donor restrictions	1,960,488

Total net assets 2,084,028

\$ 2,097,812

See accompanying notes to financial statements.

# ANOTHER CHANCE HOUSE

## Statement of Activities

For the Year Ended December 31, 2024

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Support:			
Contributions	\$ 336,684	-	336,684
Grants	315,889	-	315,889
Veteran's Administration contract	369,348	-	369,348
Participant rent income	123,456	-	123,456
In-kind contributions	81,435	-	81,435
Investment income, net	9,621	13,392	23,013
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total support	1,236,433	13,392	1,249,825
	<hr/>	<hr/>	<hr/>
Expenses:			
Program expenses	946,858	-	946,858
Management and general expenses	135,361	-	135,361
Fundraising expenses	105,230	-	105,230
	<hr/>	<hr/>	<hr/>
Total expenses	1,187,449	-	1,187,449
	<hr/>	<hr/>	<hr/>
Increase in net assets	48,984	13,392	62,376
Net assets at beginning of year	1,911,504	110,148	2,021,652
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Net assets at end of year	\$ 1,960,488	123,540	2,084,028
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See accompanying notes to financial statements.

**ANOTHER CHANCE HOUSE**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2024**

	<b>Program</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fund-raising</b>	
<b>Salaries and Related Expenses:</b>				
Salaries and leased employee costs	\$ 456,742	74,092	41,645	572,479
Payroll taxes	35,450	5,751	3,232	44,433
Employee benefits	37,079	6,015	3,381	46,475
<b>Total salaries and related expenses</b>	<b>529,271</b>	<b>85,858</b>	<b>48,258</b>	<b>663,387</b>
<b>Expenses:</b>				
Food and meals	81,727	799	602	83,128
Supplies	76,187	871	490	77,548
Utilities	60,791	7,464	4,195	72,450
Insurance	41,161	8,023	3,567	52,751
Repairs and maintenance	21,526	2,786	1,566	25,878
Travel	20,325	3,297	1,853	25,475
Specific assistance	21,669	-	-	21,669
Training and education	11,029	-	8,520	19,549
Advertising	202	-	18,039	18,241

Continued

**ANOTHER CHANCE HOUSE**

**Statement of Functional Expenses, Continued**

	<u>Program</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fund-raising</u>	
<b>Expenses, Continued:</b>				
Computer expense	12,859	-	-	12,859
Professional fees	-	11,522	-	11,522
Miscellaneous	3,815	614	4,688	9,117
Dues and subscriptions	1,722	-	4,655	6,377
Printing and postage	2,821	457	258	3,536
Rent expense	-	-	2,923	2,923
Bank charges	-	2,259	-	2,259
Bad debts	-	1,420	-	1,420
Licenses and fees	162	-	-	162
	<u>355,996</u>	<u>39,512</u>	<u>51,356</u>	<u>446,864</u>
Total expenses before depreciation	885,267	125,370	99,614	1,110,251
Depreciation expense	61,591	9,991	5,616	77,198
Total expenses	<u>\$ 946,858</u>	<u>135,361</u>	<u>105,230</u>	<u>1,187,449</u>

See accompanying notes to financial statements.

**ANOTHER CHANCE HOUSE**

**Statement of Cash Flows**

**For the Year Ended December 31, 2024**

**Increases (Decreases) in Cash**

Cash flows from operating activities:

Cash received from:

Donors and granting agencies \$ 647,004

Veteran's Administration contract 369,348

Program services 123,456

Interest income 1,177

Cash paid suppliers and employees (1,030,878)

Net cash provided by operating activities 110,107

Cash used in investing activities - additions

to property and equipment (47,677)

Net increase in cash 62,430

Cash at beginning of year 112,946

Cash at end of year \$ 175,376

See accompanying notes to financial statements.

# ANOTHER CHANCE HOUSE

## Notes to Financial Statements

December 31, 2024

### (1) Summary of Significant Accounting Policies

#### *General*

Another Chance House (the Organization) is a not-for-profit corporation chartered by the State of Texas on February 17, 1987. The Organization provides a positive path to a self-sufficient life for men who are homeless or at risk of homelessness.

Transitional housing is provided to men who are accepted in the program. The Organization is primarily supported by donor contributions, grants and fundraising activities.

#### *Basis of Presentation*

Resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes to ensure observance of limitations and restrictions placed on their use. The assets, liabilities, and net assets of the Organization are reported in two categories as follows:

Net Assets Without Donor Restrictions — Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

Net Assets With Donor Restrictions — Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### *Pervasiveness of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, 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 these estimates.

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**ANOTHER CHANCE HOUSE****Notes to Financial Statements****(1) Summary of Significant Accounting Policies, Continued*****Contributions Receivable and Allowance for Credit Losses***

Contributions receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses for estimated losses resulting from the inability of donors to fulfill their contribution commitments. Management considers the following factors when determining the collectability of specific contributions: donor creditworthiness, past giving history, current economic conditions, and changes in donor circumstances. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of donors were to deteriorate, adversely affecting their ability to fulfill pledges, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable.

***Revenue Recognition***

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. When a 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 and changes in net assets as net assets released from restrictions. Contributions that are restricted for the purpose specified by the donor in the same year as the contribution is received are recognized as increases in net assets without donor restrictions.

Certain program participants pay rent for housing under formal lease agreements. Revenue is recognized on a monthly basis as the housing performance obligation is satisfied.

Veteran's Administration contract is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing to eligible participants. Revenue is recognized as performance obligations are satisfied based on actual days of service provided.

The Organization receives in-kind donations consisting of goods and services. In-kind donations are recorded at their estimated fair value at the date of donation. Donated goods are recognized as revenue and as assets or expenses depending on the nature of the donation. Donated services are recognized if they create or enhance non-financial assets or require specialized skills that would otherwise be purchased by the Organization.

Continued

## ANOTHER CHANCE HOUSE

## Notes to Financial Statements

(1) **Summary of Significant Accounting Policies, Continued*****Property and Equipment***

Property and equipment are capitalized at cost, or if acquired by gift, at the estimated fair value at the date of the gift. Depreciation is provided using the straight-line method over the estimated useful lives.

***Income Tax***

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. This provision of the Code allows donations to the Organization to be deductible as charitable contributions on income tax returns of donors. Therefore, no provision for income taxes has been made in the financial statements.

***Date of Management Evaluation***

Management has reviewed events occurring subsequent to December 31, 2024 through February 27, 2026 for potential impact on the accompanying financial statements and disclosures herein.

(2) **Availability of Financial Assets**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 175,376
Certificates of deposit	222,139
Contributions receivable	91,216
Less assets unavailable for general expenditure within one year due to board designations for operating reserves and repairs	(222,139)
	<u>\$ 266,592</u>

The board of directors have designated cash reserves that are not expected to be available within the next year; however, the board of directors could make the reserve available if necessary.

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## ANOTHER CHANCE HOUSE

### Notes to Financial Statements

#### (3) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used by the Organization at December 31, 2024.

Certificates of deposit

The carrying amount approximates fair value as the interest rates are at current market rates.

Beneficial interest in endowment fund held by a community foundation

The carrying amounts have been valued, as a practical expedient, at the fair value of the Organization's share of the community foundation's investment pool as of the measurement date. The community foundation values securities and other financial instruments on a fair value basis.

## ANOTHER CHANCE HOUSE

## Notes to Financial Statements

(3) **Fair Value Measurements, Continued**

	<b>Assets at Fair Value as of December 31, 2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Certificates of deposit	\$ 222,139	-	-	222,139
Beneficial interest in endowment fund held by a Community Foundation	-	-	164,138	164,138
	<u>\$ 222,139</u>	<u>-</u>	<u>164,138</u>	<u>386,277</u>

A reconciliation of the beneficial interest in endowment fund held by a community foundation is considered to be a Level 3 investment at December 31, 2024 follows:

Balance at December 31, 2023	\$ 146,282
Investment income, net	<u>17,856</u>
Balance at December 31, 2024	<u>\$ 164,138</u>

(4) **Property and Equipment**

A summary of property and equipment at December 31, 2024 consisted of:

Land	\$ 93,953
Buildings	2,000,284
Furniture, fixtures and equipment	222,166
Vehicles	<u>40,159</u>
	2,356,562
Less accumulated depreciation	<u>(932,358)</u>
	<u>\$ 1,424,204</u>

Continued

**ANOTHER CHANCE HOUSE**

**Notes to Financial Statements**

**(5) Beneficial Interest in Assets Held by a Community Foundation**

The Organization established an endowment fund that is perpetual in nature (the Fund) under a community foundation Amarillo Area Foundation (AAF) with the Organization named as beneficiary. The Organization granted AAF variance power, which allows AAF to modify any condition or restriction on its distributions for any specific charitable purpose or to any specified organization if, in the sole judgment of AAF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by AAF for the benefit of the Organization and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

As of December 31, 2024, the Fund had a balance of \$164,138. AAF is responsible for disbursing income earned by this endowment and the principal of the endowment must be retained, administrated, and managed by the AAF for the benefit of the Organization. The Fund is subject to the AAF's investment and spending policies which currently result in a distribution to the Organization of 4.5%. The Organization did not receive any distributions from the Fund during the year ended December 31, 2024.

**(6) Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2024 are comprised of the following:

Perpetual endowment – donor restricted	\$ 62,850
Accumulated gains related to endowment	60,690
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Total net assets with donor restrictions	\$ 123,540
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