Financial Statements and Independent Auditor's Report

Dallas Eviction Advocacy Center

For the year ended December 31, 2021

LANE GORMAN TRUBITT, LLC
Accountants & Advisors

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DALLAS EVICTION ADVOCACY CENTER

DECEMBER 31, 2021

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Opinion

We have audited the accompanying financial statements of the Dallas Eviction Advocacy Center (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Dallas Eviction Advocacy Center as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity 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. 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 the Dallas Eviction Advocacy Center 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

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 the Dallas Eviction Advocacy Center's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, 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 Dallas Eviction Advocacy 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 Dallas Eviction Advocacy 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.

LANE GORMAN TRUBITT, LLC

Dallas, Texas
October 4, 2022

Dallas Eviction Advocacy Center
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Cash and cash equivalents	$	57,702
Prepaid expenses		519
Property and equipment - net		6,177
Total assets	$	64,398

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$	941
Accrued expenses		2,392
Total liabilities		3,333
NET ASSETS		
Without donor restrictions		61,065
With donor restrictions		-
Total net assets		61,065
Total liabilities and net assets	$	64,398

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

Dallas Eviction Advocacy Center
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 294,644	$ -	$ 294,644
Total support and revenues	294,644	-	294,644
EXPENSES			
Program services:			
Maintain housing security	226,461	-	226,461
Supporting services:			
General and administrative	2,686	-	2,686
Fundraising	4,432	-	4,432
Total supporting services	7,118	-	7,118
Total expenses	233,579	-	233,579
CHANGE IN NET ASSETS	61,065	-	61,065
Net assets at beginning of year	-	-	-
Net assets at end of year	$ 61,065	$ -	$ 61,065

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

Dallas Eviction Advocacy Center
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Direct cash assistance	$ 79,267	$ -	$ -	$ 79,267
Payroll and benefits	132,306	-	-	132,306
Professional fees	-	1,125	-	1,125
Social Venture Partners administration	-	-	3,400	3,400
Advertising and marketing	5,150	69	-	5,219
Office expense:				
Bank fees	110	60	-	170
Office supplies	1,600	-	-	1,600
Payment processing fees	-	-	115	115
Phone system	369	-	-	369
Postage	4,834	-	-	4,834
Printing	628	-	-	628
Information technology	2,197	187	-	2,384
Depreciation	-	790	-	790
Insurance	-	455	-	455
Fundraising events	-	-	917	917
Total expenses	$ 226,461	$ 2,686	$ 4,432	$ 233,579

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

Dallas Eviction Advocacy Center
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 61,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	790
Changes in operating assets and liabilities, net:	
Prepaid expenses	(519)
Accounts payable	941
Accrued expenses	2,392
Net cash provided operating activities	64,669
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(6,967)
Net cash used by investing activities	(6,967)
INCREASE IN CASH AND CASH EQUIVALENTS	57,702
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ 57,702

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

NATURE OF OPERATIONS

Dallas Eviction Advocacy Center (the "Organization") is a Texas nonprofit corporation founded in 2021, with its administrative offices located in Dallas, Texas. The Organization was established to provide pro bono services to tenants facing eviction, wrap-around social services to the housing insecure, rent and utility assistance, and education to the public on eviction and housing insecurity issues.

The Organization has assisted thousands of vulnerable tenants in Dallas County, Texas that were facing eviction through pro bono legal representation, rent assistance, and other services needed by the housing insecure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied by the Organization in the preparation of the accompanying financial statements is as follows.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation and Revenue Recognition

Net assets and revenues, 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 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-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by the Organization. When a restriction expires, 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.

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 on investments and other assets or liabilities 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 donor restrictions on net assets (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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable expected to be collected within one year are recorded at estimated net realizable value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Accretion of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Contributions are considered to be available for general purposes unless restricted by the donor for specific purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit ("NFP") entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements. ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early application of the amendments is permitted. The amendments in this ASU should be applied on a retrospective basis.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which requires only capital leases to be recognized on the statements of financial position - the new ASU will require both types of leases to be recognized on the statements of financial position. Various subsequent accounting standards have been issued by the FASB that clarify, modify, or expand the guidance for Topic 842. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021 and for interim periods within fiscal years beginning after December 15, 2022. Early application of the amendments in this ASU is permitted.

The Organization is currently assessing the impact these recent accounting pronouncements will have on its financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The Organization maintains its cash balances in a large, international, well-established financial institution, which at times may exceed federally insured limits. The Organization has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value at the date of gift if donated, less accumulated depreciation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets over their estimated useful lives on a straight-line basis. Expenditures for property and equipment greater than $500 and a useful life in excess of one year are capitalized. Major repairs or replacements of property and equipment are capitalized and minor replacements, repairs and maintenance costs are expensed as incurred. When units of property and equipment are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Use 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 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 estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code (the "Code"), except to the extent it has unrelated business income. In addition, the Organization has been classified as a public charity under the Code. Should the Organization engage in activities unrelated to the purpose for which it was created, taxable income could result. For the year ended December 31, 2021, the Organization had no net unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. The Organization is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding the uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Organization recognizes interest and penalties, if any, related to uncertain tax positions as general and administrative expenses. The Organization's informational returns filed with the IRS are generally subject to examination for three years after the later of the due date or date of filing.

Functional Allocation of Expenses

The Organization's main program is to empower Dallas County tenants to maintain housing security by providing pro bono legal assistance. The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses are recorded directly to either program, general and administrative, or fundraising whenever possible. However, certain categories of expenses are attributable to more than one function and therefore, require allocation on a reasonable basis that is consistently applied. These expenditures are allocated on the basis of time and effort estimates made by management of the Organization.

Advertising and Marketing Expense

The Organization expenses advertising and marketing costs as incurred. Advertising and marketing expense for the year ended December 31, 2021 was $5,219.

Grants Payable

Grants are made to charitable organizations that fall under the Organization's charitable mission. Grants are considered payable once approved by the Organization's board of directors. There are no approved grants payable at December 31, 2021.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use, within one year of the statement of financial positions are as follows:

Cash and cash equivalents	$ 57,702

The Organization manages its cash available to meet general expenditures by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to provide reasonable assurance that commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization anticipates collecting sufficient revenue and support to cover general expenditures not covered by the above resources.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated Useful Life		
Software	5 years	$	4,500
Computer equipment	3 years		2,467
			6,967
Less accumulated depreciation			(790)
Property and equipment, net		$	6,177

Depreciation expense totaled $790 for the year ended December 31, 2021.

4. RELATED PARTY TRANSACTIONS

The Organization received contributions of $87,659 from the Chairman of the Board of Directors for the year ended December 31, 2021.

5. IN-KIND CONTRIBUTIONS AND DONATED PERSONAL SERVICES OR VOLUNTEERS

Donated materials and equipment are reflected as contributions in the accompanying financial statements and are recorded at their fair market value at the date of receipt. The Organization reports gifts of property and equipment as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) required specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria discussed above.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2022, the date the financial statements were available to be issued.