

ARROW OUTREACH, INC.

Financial Statements

For the Year Ended December 31, 2018

ARROW OUTREACH, INC.
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Acker & Company

Certified Public Accountants, PC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Arrow Outreach, Inc.
Tyler, Texas

We have audited the accompanying financial statements of Arrow Outreach, Inc., which comprise the statements of financial position as of December 31, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall reasonableness of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arrow Outreach, Inc. as of December 31, 2018, 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.



ACKER & COMPANY
Certified Public Accountants, PC
Tyler, Texas
July 05, 2019

ARROW OUTREACH, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2018

	2018
Assets:	
Current Assets	
Cash and Cash Equivalents	\$ 66,317
Investments	8,547
Total Current Assets	74,864
Total Assets	\$ 74,864
Liabilities and Net Assets:	
Current Liabilities	
Accrued Liabilities	\$ 1,473
Total Current Liabilities	1,473
Total Liabilities	\$ 1,473
Net Assets:	
Without Donor Restrictions	\$ 35,412
With Donor Restrictions	37,979
Total Net Assets	73,391
Total Liabilities and Net Assets	\$ 74,864

See accompanying notes to financial statements.

ARROW OUTREACH, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	2018 Total
Support and Revenue:			
Contributions	\$ 60,960	\$ 155,967	\$ 216,927
In-Kind Donations	360	-	360
Interest Income	34	-	34
Other Income	-	-	-
Total Support and Revenue	<u>61,354</u>	<u>155,967</u>	<u>217,321</u>
Net Assets Released from Restrictions	<u>153,542</u>	<u>(153,542)</u>	<u>-</u>
Functional Expenses:			
Education Services	91,587	-	91,587
Ministry Center Programs	101,742	-	101,742
Medical Clinic Services	-	-	-
Youth Ministry	3,400	-	3,400
Administrative	20,359	-	20,359
Fundraising Costs	3,592	-	3,592
Total Functional Expenses	<u>220,680</u>	<u>-</u>	<u>220,680</u>
Increase/(Decrease) in Net Assets	(5,784)	2,425	(3,359)
Net Assets at Beginning of Year	<u>41,196</u>	<u>35,554</u>	<u>76,750</u>
Net Assets at End of Year	<u>\$ 35,412</u>	<u>\$ 37,979</u>	<u>\$ 73,391</u>

See accompanying notes to financial statements.

ARROW OUTREACH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018

	2018
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (Decrease) in Net Assets	\$ (3,359)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Interest Added to CD	(34)
Increase (Decrease) in:	
Accrued Liabilities	-
Net Cash Provided (Used) by Operating Activities	(3,393)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Used for Financing Activities	-
Net Cash Provided (Used) by Financing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	(3,393)
Cash and Cash Equivalents at Beginning of Year	69,710
Cash and Cash Equivalents at End of Year	\$ 66,317

See accompanying notes to financial statements.

ARROW OUTREACH, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Administrative	Fundraising	Center Operations	Clinic	Education	Youth Ministry	Total
General Juarez Operations - Arrow Outreach	\$ 4,043	\$ -	\$ 8,086	\$ -	\$ 8,087	\$ -	\$ 20,216
Construction General/Tools- General Use	-	-	134	-	-	-	134
Fundraising	-	3,005	-	-	-	-	3,005
Communications	-	587	-	-	-	-	587
Education Socorro Construction	-	-	550	-	-	-	550
Socorro Construction	-	-	-	-	2,400	-	2,400
Operating Expense	-	-	-	-	37,755	-	37,755
Church Scholarship - Socorro	-	-	-	-	-	-	-
Tocando Puertas Expenses	-	-	-	-	-	-	-
Tocando Puertas Cottage Industries	-	-	2,300	-	-	-	2,300
TP Construction	-	-	9,194	-	-	-	9,194
Education	-	-	-	-	7,050	-	7,050
TP Scholarship - Church Scholar	-	-	-	-	1,948	-	1,948
Feeding	-	-	7,000	-	-	-	7,000
Office/Accounting/Legal	-	-	2,710	-	-	-	2,710
Other	-	-	2,572	-	-	-	2,572
Operating Expense	-	-	17,058	-	-	-	17,058
TP Utilities	-	-	1,662	-	-	-	1,662
Vehicles	-	-	184	-	-	-	184
Camps	-	-	-	-	-	1,000	1,000
Christmas Parties	-	-	-	-	-	1,000	1,000
Gloria Del Ray Expenses	-	-	-	-	-	-	-
Other	-	-	2,000	-	200	-	2,200
Operating Expense	-	-	-	-	1,900	-	1,900
Gloria del Rey Scholarship	-	-	-	-	12,160	-	12,160
Rendencion Y Verdad Expenses	-	-	-	-	-	-	-
Other	-	-	1,606	-	-	-	1,606
Operating Expense	-	-	7,200	-	-	-	7,200
Christmas Parties	-	-	-	-	-	1,000	1,000

See accompanying notes to financial statements

ARROW OUTREACH, INC.
Statement of Functional Expenses (Continued)
For the Year Ended December 31, 2018

	Administrative	Fundraising	Center		Clinic	Education	Youth Ministry	Total
			Operations					
Torribeo Family Center Expenses								
Cafeteria	\$ -	\$ -	\$ 3,080	\$ -	-	\$ -	-	\$ 3,080
Clinic	-	-	3,600	-	-	-	-	3,600
TFC Construction	-	-	3,211	-	-	-	-	3,211
Scholarship	-	-	-	-	-	10,525	-	10,525
Office	-	-	2,250	-	-	-	-	2,250
Other	-	-	1,853	-	-	-	-	1,853
Other	-	-	430	-	-	-	-	430
Director	-	-	7,585	-	-	-	-	7,585
TFC English Lessons	-	-	-	-	-	1,500	-	1,500
TFC Scholarship Administration	-	-	-	-	-	400	-	400
Oversight	-	-	1,290	-	-	-	-	1,290
Utilities	-	-	1,500	-	-	-	-	1,500
Christmas Parties	-	-	-	-	-	-	400	400
Yo y Mi Casa	-	-	-	-	-	-	-	-
Yo y Mi Casa Construction	-	-	8,390	-	-	-	-	8,390
Yo y Mi Casa Scholarship	-	-	-	-	-	500	-	500
Yo y Mi Casa Scholarship Administration	-	-	-	-	-	1,000	-	1,000
Home Office Expenses								
Postage, Mailing Service	195	-	-	-	-	-	-	195
Supplies	1,212	-	-	-	-	-	-	1,212
Telephone, Telecommunications	533	-	-	-	-	-	-	533
Bank Fees	3,913	-	-	-	-	-	-	3,913
Legal and Accounting	5,750	-	-	-	-	-	-	5,750
Insurance - Liability, D and O	1,217	-	-	-	-	-	-	1,217
Other Expenses	295	-	-	-	-	-	-	295
Juarez Oper. Oversight/Travel	134	-	269	-	-	134	-	537
Reconciliation Discrepancy	52	-	-	-	-	-	-	52
Payroll Expenses								
Social Security Tax Expense	174	-	347	-	-	347	-	868
Medicare Expense	41	-	81	-	-	81	-	203
Salaries and Wages	2,800	-	5,600	-	-	5,600	-	14,000
	\$ 20,359	\$ 3,592	\$ 101,742	\$ -	\$ -	\$ 91,587	\$ 3,400	\$ 220,680

See accompanying notes to financial statements

ARROW OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 – General Information and Summary of Significant Accounting Policies

(a) Organization and Nature of Activities

Arrow Outreach, Inc. (the Organization), a not-for-profit organization, was established in 2006 under the laws of the state of Texas. The Organization's primary objective is to provide community support functions for Juarez, Mexico and the surrounding areas.

Clinics are operated in partnership with and through the family centers and churches Arrow Outreach, Inc. works with. These clinics are for the benefit of the people located in the vicinity of these community centers. The services offered include basic family medicine, and medical monitoring of children involved in the related day care centers, students in related schools and their families. Eye care checkups and eyeglasses are provided periodically. Vaccinations are periodically provided and prescriptions and medicines are distributed as available for no charge. Basic hygiene training is conducted and classes are made available to the communities.

Education, for very low income students, is provided to financially assist and enable them to complete secondary and preparatory education in hopes of continuing into colleges and universities. Expenses associated with school operations or tutoring that are not funded in the budget of local resources include maintaining operations in schools for computer systems and training, librarian, secretaries and teachers/tutors.

Community centers' operating expenses include utilities for the centers, director of centers' operational expenses in managing programs, pastoral expenses, vehicle expenses and maintenance. Arrow Outreach, Inc. partners with Mexican churches, community centers and schools in developing the community, but does not own any of the properties.

(b) Basis of Accounting

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

(c) Promises to Give

Contributions are recognized when a donation is made to Arrow Outreach, Inc. Contributions, which sometimes have donor restrictions, are used to support the current year activity.

ARROW OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

(d) Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board applicable to Not-for-Profit Organizations. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

(e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid accounts with an original maturity of three-months or less as cash equivalents.

(f) Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and accrued expenses. The Organization estimates that the fair value of all financial instruments at December 31, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

(g) Accounts Receivable

The Organization does not have any material accounts receivable at December 31, 2018.

(h) Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements are capitalized, while maintenance and repairs that do not extend the life of the respective asset are expensed when incurred. Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Depreciation is computed over the estimated useful life of the assets, generally ranging between 5 and 30 years, using the straight-line method.

ARROW OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

(h) Property and Equipment (Continued)

There was no depreciation expense for the year ended December 31, 2018. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded. Prior to 2014, these assets were fully depreciated and no longer have any useful life. Therefore, they have been disposed of and removed from presentation.

(i) 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 in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, and the revenues and expenses. Actual results could differ from those estimates.

(j) Revenue Recognition

All contributions are considered available for the Organization's program unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increase the respective class of net assets. All contributions to the Organization are from private sources.

(k) In-Kind Donations and Contributed Services

Many volunteers have donated time and services to advance the Organization's programs and objectives. The values of these services have not been recorded in the financial statements because they do not meet the definition for recognition under accounting principles generally accepted in the U.S.

(l) Functional Expenses

Expenses are grouped according to the purpose for which costs were incurred. The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses.

ARROW OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 – Summary of Significant Accounting Policies (continued)

(m) Income Taxes

The Organization is exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activity. For the year ended December 31, 2018, the Organization has no tax due on unrelated business income.

Note 2 – Concentration of Credit Risk

The cash balances of the Organization are held in various financial institutions. If cash balances exceed the amounts covered by insurance provided by the Federal Deposit Insurance Corporation (“FDIC”), the excess balances could be at risk of loss. As of December 31, 2018, there was no cash at risk of loss.

Note 3 – Investments

Investment assets consist of a certificate of deposit held at a financial institution with a maturity term of 6 months.

Note 4 – Net Assets Released From Restrictions

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions totaling \$37,979 were available as of December 31, 2018 for the following purposes:

- Scholarships to low income, needy students of \$7,885
- Program services that include clinic, feeding, education and recreational of \$23,269
- Administrative operating expenses of \$6,825

Note 6 – In-Kind Donations

Other non-cash donations of \$840 were received and recognized as revenue during 2018 in accordance with accounting principles generally accepted in the United States of America.

Note 7 – Availability and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The organization has various sources of liquidity at its disposal, including cash and cash equivalents and an investment portfolio. See Note 3 for information about the Organization’s investment portfolio.

ARROW OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 7 – Availability and Liquidity (continued)

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

The following represents the Organization’s financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

	2018
Financial assets at year end:	
Cash and cash equivalents	\$ 66,317
Investments	8,547
Total Financial Assets	74,864
Less amounts not available to be used within one year:	
Net assets with donor restrictions	37,979
Financial assets available to meet general expenditures over the next twelve months:	\$ 36,885

Note 8 – Change in Accounting

In 2016, FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Note 9 – Date of Management’s Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 05, 2019, the date that the financial statements were available to be issued.