

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	20
CONSOLIDATING STATEMENT OF ACTIVITIES	21



INDEPENDENT AUDITORS' REPORT

Board of Directors
OurCalling, Inc. and OurCommunity Ferris, LLC
Dallas, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of OurCalling, Inc. (OurCalling) and OurCommunity Ferris, LLC (OurCommunity) (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OurCalling, Inc. and OurCommunity Ferris, LLC as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.'



CliftonLarsonAllen LLP

Fort Worth, Texas
August 30, 2023

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 3,152,254	4,181,503
Investments in Marketable Securities	42,491	14,863
Accounts Receivable, Net	63,418	12,068
Promises to Give	670,000	-
Prepaid Expenses	66,960	23,203
Property and Equipment, Net	9,731,796	7,702,765
Total Assets	\$ 13,726,919	\$ 11,934,402
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 493,429	\$ 275,070
Total Liabilities	493,429	275,070
NET ASSETS		
Without Donor Restrictions:		
Undesignated	9,514,339	10,957,277
Board Designated - App Development	136,740	-
With Donor Restrictions	3,582,411	702,055
Total Net Assets	13,233,490	11,659,332
Total Liabilities and Net Assets	\$ 13,726,919	\$ 11,934,402

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 4,161,941	\$ 3,181,729	\$ 7,343,670
Contributions of Nonfinancial Assets	185,626	-	185,626
Special Events, Net of \$184,813 of Expenses	107,879	-	107,879
Local Grants	63,417	-	63,417
Net Assets Released from Restriction	301,373	(301,373)	-
Total Support and Revenue	<u>4,820,236</u>	<u>2,880,356</u>	<u>7,700,592</u>
OTHER INCOME			
General Contractor Revenue	75,000	-	75,000
Investment Income	290	-	290
Other Income	87,483	-	87,483
Total Other Income	<u>162,773</u>	<u>-</u>	<u>162,773</u>
 Total Support, Revenue, and Other Income	 4,983,009	 2,880,356	 7,863,365
EXPENSES			
Program Services	4,609,943	-	4,609,943
Management and General	700,681	-	700,681
Fundraising	978,583	-	978,583
Total Expenses	<u>6,289,207</u>	<u>-</u>	<u>6,289,207</u>
CHANGE IN NET ASSETS	(1,306,198)	2,880,356	1,574,158
Net Assets - Beginning of Year	<u>10,957,277</u>	<u>702,055</u>	<u>11,659,332</u>
NET ASSETS - END OF YEAR	<u>\$ 9,651,079</u>	<u>\$ 3,582,411</u>	<u>\$ 13,233,490</u>

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 5,353,025	\$ 1,822,123	7,175,148
Contributions of Nonfinancial Assets	291,493	-	291,493
Special Events, Net of \$141,183 of Expenses	38,604	-	38,604
Local Grants	100,486	-	100,486
Net Assets Released from Restriction	1,336,378	(1,336,378)	-
Total Support and Revenue	7,119,986	485,745	7,605,731
 OTHER INCOME			
Other Income	45,224	-	45,224
Total Other Income	45,224	-	45,224
Total Support, Revenue, and Other Income	7,165,210	485,745	7,650,955
 EXPENSES			
Program Services	3,854,462	-	3,854,462
Management and General	586,321	-	586,321
Fundraising	573,996	-	573,996
Total Expenses	5,014,779	-	5,014,779
 CHANGE IN NET ASSETS	2,150,431	485,745	2,636,176
Net Assets - Beginning of Year	8,806,846	216,310	9,023,156
 NET ASSETS - END OF YEAR	\$ 10,957,277	\$ 702,055	\$ 11,659,332

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Wages and Employee Benefits	\$ 2,759,355	\$ 430,769	\$ 699,681	\$ 3,889,805
Program Development	616,207	109,428	184,002	909,637
Office Supplies and Expenses	240,004	58,035	93,875	391,914
Depreciation and Amortization	486,842	25,623	-	512,465
Facilities and Occupancy	390,050	20,529	-	410,579
Vehicle Expenses	74,216	-	-	74,216
Professional Fees	37,665	55,671	-	93,336
Event Expenses	5,529	626	1,025	7,180
Bad Debt Expense	75	-	-	75
Special Event Cost	-	-	184,813	184,813
Total Expenses	4,609,943	700,681	1,163,396	6,474,020
Less: Costs Included with Revenues in the Statement of Activities	-	-	(184,813)	(184,813)
Total Expenses	\$ 4,609,943	\$ 700,681	\$ 978,583	\$ 6,289,207

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	General and Administrative	Fundraising	Total
EXPENSES				
Wages and Employee Benefits	\$ 2,062,621	\$ 389,717	\$ 397,692	\$ 2,850,030
Program Development	630,770	34,700	116,024	781,494
Office Supplies and Expenses	186,628	73,709	59,066	319,403
Depreciation and Amortization	549,473	28,920	-	578,393
Facilities and Occupancy	298,804	15,727	-	314,531
Vehicle Expenses	44,899	-	-	44,899
Professional Fees	30,968	40,363	-	71,331
Event Expenses	13,362	1,241	1,214	15,817
Miscellaneous Expense	36,937	1,944	-	38,881
Special Event Cost	-	-	141,183	141,183
Total Expenses	<u>3,854,462</u>	<u>586,321</u>	<u>715,179</u>	<u>5,155,962</u>
Less: Costs Included with Revenues in the Statement of Activities	<u>-</u>	<u>-</u>	<u>(141,183)</u>	<u>(141,183)</u>
Total Expenses	<u><u>\$ 3,854,462</u></u>	<u><u>\$ 586,321</u></u>	<u><u>\$ 573,996</u></u>	<u><u>\$ 5,014,779</u></u>

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,574,158	\$ 2,636,176
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Net Unrealized Gain on Investments	(109)	(58)
Net Realized Gain on Sale of Investments	(127)	-
Depreciation and Amortization Expense	512,465	578,393
Gain on Sale of Property and Equipment	(792)	-
Contributions Restricted for Long-Term Purposes	(3,060,337)	(1,515,246)
Effects of Changes in Assets and Liabilities:		
Accounts Receivable	(51,350)	(3,207)
Promises to Give	(670,000)	-
Prepaid Expenses	(43,757)	(777)
Accounts Payable and Accrued Liabilities	218,359	44,767
Net Cash Provided (Used) by Operating Activities	(1,521,490)	1,740,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,568,704)	(1,814,552)
Proceeds from Sale of Property and Equipment	28,000	-
Proceeds from Sale of Investments	125,853	86,929
Donated Securities	(153,245)	(101,735)
Net Cash Used by Investing Activities	(2,568,096)	(1,829,358)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Long-Term Purposes	3,060,337	1,515,246
Net Cash Provided by Financing Activities	3,060,337	1,515,246
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,029,249)	1,425,936
Cash and Cash Equivalents - Beginning of Year	4,181,503	2,755,567
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,152,254	\$ 4,181,503

See accompanying Notes to Consolidated Financial Statements.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of OurCalling, Inc. (OurCalling) and OurCommunity Ferris, LLC (OurCommunity) (collectively, the Organization) is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Organization

OurCalling glorifies God by leading homeless people to Christ and by making disciples on the streets. This is accomplished through programs emphasizing Bible studies and life skills, addiction recovery, mentoring and discipleship and resourcing. The focus of OurCalling is on the unsheltered homeless in Dallas County.

On August 16, 2021 OurCommunity Ferris, LLC, a disregarded entity of OurCalling, Inc. was created. This entity is committed to guiding the Organization's friends experiencing homelessness to a relationship with Jesus and an exit from the streets. OurCommunity is a holistically supportive housing project for individuals with extreme care needs including supported independent living, assisted living, and even hospice care. The vision of OurCommunity is to create a community of integrity where people are cared for with dignity and intentionally connected to the body of Christ.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of OurCalling, Inc. and OurCommunity Ferris, LLC (collectively, the Organization) since they are under common control. Significant intercompany transactions and balances have been eliminated in the consolidation. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Basis of Accounting

The Organization's consolidated financial statements have been prepared in accordance with U.S. GAAP using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for app development.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent.

Concentration of Credit Risk

During the years ended December 31, 2022 and 2021, the Organization's deposits occasionally exceeded the Federal Deposit Insurance Corporation Insurance (FDIC) limit. The FDIC currently insures the deposits up to \$250,000 per financial institution. The excess above \$250,000 is backed only by the soundness of the financial institution. Management believes the risk of incurring material losses related to this credit risk is remote.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization is required by U.S. GAAP to report its investments at fair value. Unrealized gains and losses on appreciation or depreciation in fair value due to market fluctuations are recorded in the consolidated statements of activities.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The three levels of fair value hierarchy defined by FASB ASC No. 820-10 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Organization's needs.

All investments of the Organization are in publicly traded securities and therefore level one inputs are readily available to determine the fair value of the underlying investments.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization capitalizes equipment purchases in excess of \$2,500. Repairs and maintenance that improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Repairs are charged to expense as incurred.

Equipment is recorded at cost if purchased or estimated fair value if donated. Depreciation is computed using the straight-line method. The estimated lives used to calculate depreciation are as follows:

Buildings	40 Years
Building Improvements	15 Years
Computer Equipment	3 to 5 Years
Furniture and Fixtures	5 to 7 Years
Vehicles	5 Years
Leasehold Improvements	5 Years

Income Taxes

OurCalling has been approved by the Internal Revenue Service (IRS) as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 and is not considered a private foundation. This section exempts the OurCalling from taxes on income. Accordingly, no provision for income taxes has been made in the consolidated financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the years ended December 31, 2022 and 2021. OurCalling has recognized no liability for uncertain tax positions.

OurCalling files as a tax-exempt organization. OurCommunity is disregarded for federal income tax purposes. There was no net income from unrelated business income with respect to its activity. The Organization's tax returns are subject to review and examination by federal and state authorities.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Promises to Give

Contributions are recognized when received or a donor makes a pledge to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected within one year, are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received and adjusted for the credit risk of the donor based on management assessment. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give as of December 31, 2022 and 2021. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Management evaluates collectability of promises to give based on an assessment of the credit history with those having outstanding balances and current relationships with them. The allowance for uncollectible pledges was \$-0- as of December 31, 2022 and 2021.

Contributions of Nonfinancial Assets

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Organization may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP. The Organization records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent Accounting Guidance

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Guidance (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

As of December 31, 2022 and 2021, the Organization does not have any lease agreements over one year in duration.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,152,254	\$ 4,181,503
Investments in Marketable Securities	42,491	14,863
Accounts Receivable, Net	63,418	12,068
Promises to Give	335,000	-
Less: Board Designated - App Development	(136,740)	-
Less: Net Assets With Donor Restrictions	(523,948)	(386,809)
Total	<u>\$ 2,932,475</u>	<u>\$ 3,821,625</u>

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization has implemented a well-balanced development plan consisting of income from small donors, large donors, foundations/grants, and corporations. The income from these sources is derived from mailings, meetings, telephone calls, the governing board, special events. These year-round fundraising activities keep liquid resources available in line with the Organization's strategic goals, enabling the Organization to execute programs as budgeted throughout the year. The diversified sources of donations ensure that the Organization is not reliant on one or two sources for funds but have backup sources if one source should suddenly become unavailable.

NOTE 3 PROPERTY AND EQUIPMENT

Fixed assets consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,685,788	\$ 1,685,788
Buildings	4,369,164	4,369,164
Computer Equipment	971,839	954,848
Furniture and Fixtures	566,227	556,511
Vehicles	344,156	262,764
Leasehold Improvements	7,650	7,650
Building Improvements	1,252,845	1,189,746
Construction in Progress	<u>2,723,463</u>	<u>363,490</u>
Total Cost	11,921,132	9,389,961
Less: Accumulated Depreciation	<u>(2,189,336)</u>	<u>(1,687,196)</u>
Property and Equipment, Net	<u><u>\$ 9,731,796</u></u>	<u><u>\$ 7,702,765</u></u>

Depreciation expense was \$512,465 and \$578,393 for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The Organization has costs that related both directly to one functional category and also certain categories of expenses that are attributed to more than one program or supporting function. Costs which are directly related to a functional allocation are charged directly without allocation to their respective functional category. Expenses which require allocation are analyzed before recorded into the accounting system and allocated to functional categories based on the allocation base that most accurately correlates with the nature of that expense. The expenses that are primarily allocated include salaries, payroll taxes, contract services, telephone, occupancy, and other. These costs are primarily allocated on the basis of estimates of time and effort of personnel and square footage by use of building space.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS

Investments as of December 31 consisted of the following:

	2022		
	Fair Value	Cost	Cumulative Unrealized Gain (Loss)
Equities - Stocks	\$ 42,491	\$ 42,382	\$ 109
Total Investments - Level 1 Inputs	\$ 42,491	\$ 42,382	\$ 109
	2021		
	Fair Value	Cost	Cumulative Unrealized Gain (Loss)
Equities - Stocks	\$ 14,863	\$ 14,805	\$ 58
Total Investments - Level 1 Inputs	\$ 14,863	\$ 14,805	\$ 58

These investments consist of marketable securities that were obtained by contribution from donors.

NOTE 6 INTANGIBLE ASSETS

The Organization has \$549,306 of intangible assets related to the OurCalling App included in property and equipment on the consolidated statements of financial position. Of that amount, \$465,000 was an in-kind donation received from AT&T during the year ended December 31, 2019. The app is considered a finite-lived intangible and is amortized over a useful life of three years. This is recorded at cost or fair market value for donated amounts, and tested annually for impairment, or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with ASC 350, *Intangibles-Goodwill and Other*.

Amortization of intangible assets is \$104,442 and \$180,734 as of December 31, 2022 and 2021, respectively.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 PROMISES TO GIVE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the statements of activities. Contributions that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Promises to give consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Receivable in One Year or Less	\$ 335,000	\$ -
Receivable in Two to Five Years	335,000	-
Total Promises to Give	<u>\$ 670,000</u>	<u>\$ -</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

At December 31 net assets with donor restrictions are available for:

	<u>2022</u>	<u>2021</u>
Inclement Weather	\$ 73,608	\$ 121,483
Diversion/Placement	19,960	150,000
OurCommunity Housing	3,375,583	315,246
App Development	113,260	115,326
Net Assets With Donor Restrictions	<u>\$ 3,582,411</u>	<u>\$ 702,055</u>

NOTE 9 CONCENTRATIONS OF REVENUE AND OTHER SUPPORT

For the year ended December 31, 2022, the Organization had two donors who represented approximately 26% of the total contributions recognized. For the year ended December 31, 2021, the Organization had one donor who represented approximately 16% of the total contributions recognized.

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 CONTRIBUTIONS OF NONFINANCIAL ASSETS

In-kind contributions recorded consist of food, clothing, and various resources distributed to the Organization's clients. The values assigned to the donated goods are based on the valuation guide for donors as published by Goodwill in 2022 and 2021. The Organization receives other donated materials and equipment and are reflected as contributions in the accompanying consolidated statements at their estimated retail prices of identical or similar products. All donated goods are used by the organization, not monetized, and did not have donor-imposed restrictions associated with them. The Organization received the following contributions of goods and services for the years ended December 31:

	2022	2021
Food	\$ 96,156	\$ 198,108
Resources	89,470	80,385
AV Equipment	-	13,000
Total	<u>\$ 185,626</u>	<u>\$ 291,493</u>

NOTE 11 RELATED PARTY TRANSACTIONS

The Organization received \$112,148 and \$1,330,028 in contributions from board members, employees, and other related party organizations in the years ended December 31, 2022 and 2021, respectively.

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization sponsors a 403(b) plan for all qualified employees. At its discretion, the Organization may match a portion of employee contributions, up to the maximum amounts set by the IRS. Employer contributions to the plan amounted to \$177,045 and \$132,454 during the years ended December 31, 2022 and 2021, respectively.

NOTE 13 SUBSEQUENT EVENTS

The Organization evaluated all events or transactions that occurred after December 31, 2022 through August 30, 2023, the date these consolidated financial statements were available to be issued.



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

The Board of Directors
OurCalling, Inc. and OurCommunity Ferris, LLC
Dallas, Texas

We have audited the consolidated financial statements of OurCalling, Inc. and OurCommunity Ferris, LLC as of and for the year ended December 31, 2022, and have issued our report thereon date August 30, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
August 30, 2023

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	<u>OurCalling</u>	<u>OurCommunity</u>	<u>Eliminations</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 3,152,254	\$ -	\$ -	\$ 3,152,254
Investments in Marketable Securities	42,491	-	-	42,491
Investment in Subsidiary	4,428,160	-	(4,428,160)	-
Accounts Receivable, Net	63,418	-	-	63,418
Accounts Receivable - Affiliated Entity	187,168	-	(187,168)	-
Promises to Give	-	670,000	-	670,000
Prepaid Expenses	66,960	-	-	66,960
Property and Equipment, Net	<u>5,786,468</u>	<u>3,945,328</u>	<u>-</u>	<u>9,731,796</u>
 Total Assets	 <u>\$ 13,726,919</u>	 <u>\$ 4,615,328</u>	 <u>\$ (4,615,328)</u>	 <u>\$ 13,726,919</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 493,429	\$ -	\$ -	\$ 493,429
Accounts Payable - Affiliated Entity	-	187,168	(187,168)	-
Total Liabilities	<u>493,429</u>	<u>187,168</u>	<u>(187,168)</u>	<u>493,429</u>
NET ASSETS				
Without Donor Restrictions:				
Undesignated	9,514,339	1,052,577	(1,052,577)	9,514,339
Board Designated - App Development	136,740	-	-	136,740
With Donor Restrictions	<u>3,582,411</u>	<u>3,375,583</u>	<u>(3,375,583)</u>	<u>3,582,411</u>
Total Net Assets	<u>13,233,490</u>	<u>4,428,160</u>	<u>(4,428,160)</u>	<u>13,233,490</u>
 Total Liabilities and Net Assets	 <u>\$ 13,726,919</u>	 <u>\$ 4,615,328</u>	 <u>\$ (4,615,328)</u>	 <u>\$ 13,726,919</u>

OURCALLING, INC. AND OURCOMMUNITY FERRIS, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>OurCalling</u>	<u>OurCommunity</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 4,283,333	\$ 3,060,337	\$ -	\$ 7,343,670
Contributions of Nonfinancial Assets	185,626	-	-	185,626
Special Events, Net of \$184,813 of Expenses	107,879	-	-	107,879
Local Grants	63,417	-	-	63,417
Total Support and Revenue	<u>4,640,255</u>	<u>3,060,337</u>	<u>-</u>	<u>7,700,592</u>
OTHER INCOME				
Income from Subsidiary	2,912,914	-	(2,912,914)	-
General Contractor Revenue	75,000	-	-	75,000
Investment Income	290	-	-	290
Other Income	87,292	191	-	87,483
Total Other Income	<u>3,075,496</u>	<u>191</u>	<u>(2,912,914)</u>	<u>162,773</u>
Total Support, Revenue, and Other Income	7,715,751	3,060,528	(2,912,914)	7,863,365
EXPENSES				
Program Services	4,604,924	5,019	-	4,609,943
Management and General	698,696	1,985	-	700,681
Fundraising	837,973	140,610	-	978,583
Total Expenses	<u>6,141,593</u>	<u>147,614</u>	<u>-</u>	<u>6,289,207</u>
CHANGE IN NET ASSETS	1,574,158	2,912,914	(2,912,914)	1,574,158
Net Assets - Beginning of Year	<u>11,659,332</u>	<u>1,515,246</u>	<u>(1,515,246)</u>	<u>11,659,332</u>
NET ASSETS - END OF YEAR	<u>\$ 13,233,490</u>	<u>\$ 4,428,160</u>	<u>\$ (4,428,160)</u>	<u>\$ 13,233,490</u>