

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Austin Disaster Relief Network

We have audited the accompanying financial statements of Austin Disaster Relief Network (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, 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.

Auditors' 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 of 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 auditors' 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 presentation 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 Austin Disaster Relief Network as of December 31, 2015, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
November 10, 2016

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

Assets	
Current Assets:	
Cash and cash equivalents	\$ 844,444
Prepaid	3,000
Inventory	<u>32,482</u>
Total Current Assets	<u>879,926</u>
Property and equipment, net	<u>40,631</u>
Total Assets	<u><u>\$ 920,557</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	<u>\$ 563</u>
Total Current Liabilities	<u>563</u>
Total Liabilities	<u>563</u>
Net Assets:	
Unrestricted Net Assets	330,979
Temporarily Restricted Net Assets	<u>589,015</u>
Total Net Assets	<u>919,994</u>
Total Liabilities and Net Assets	<u><u>\$ 920,557</u></u>

See accompanying auditors' report and notes to financial statements.

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenues:				
Grants and Contract Revenue	\$ -	\$ 106,198	\$ -	\$ 106,198
Contribution Revenue	422,131	1,435,449	-	1,857,580
Fundraising Revenue	121,440	-	-	121,440
Training Income	40,196	-	-	40,196
In-Kind Revenue	52,729	-	-	52,729
Other Revenue	23,245	-	-	23,245
HOPE Prayer Room Revenue	22,178	-	-	22,178
	<hr/>	<hr/>	<hr/>	<hr/>
	681,919	1,541,647	-	2,223,566
Released from restrictions	1,187,544	(1,187,544)	-	-
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Total Revenues	1,869,463	354,103	-	2,223,566
Expenses				
Program Services				
Disaster Support	1,448,605	-	-	1,448,605
Management and general	163,841	-	-	163,841
Fundraising	42,326	-	-	42,326
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	1,654,772	-	-	1,654,772
Change in Net assets	214,691	354,103	-	568,794
Net assets, beginning of the year	116,288	234,912	-	351,200
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Net assets, end of year	\$ 330,979	\$ 589,015	\$ -	\$ 919,994
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See accompanying auditors' report and notes to financial statements.

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

Expense Category	Program		Fundraising	Totals
	Services	General &		
	Disaster Support	Administrative		
Professional Services	\$ 106,302	\$ 13,288	\$ 13,288	\$ 132,878
HOPE Prayer Room Expense	26,449	-	-	26,449
Advertising and Promotion	32,709	4,089	4,088	40,886
Trainings, Conferences and Events	61,693	-	-	61,693
Disaster Support	1,020,571	-	-	1,020,571
Depreciation	1,289	322	-	1,611
Information Technology	-	7,471	-	7,471
Insurance Expense	4,227	528	529	5,284
Miscellaneous	-	23,792	-	23,792
Occupancy	5,760	720	720	7,200
Office Expenses	-	69,812	-	69,812
Payroll Taxes	15,021	1,878	1,878	18,777
Salaries and Wages	174,584	21,823	21,823	218,230
Travel	-	20,118	-	20,118
Totals	\$ 1,448,605	\$ 163,841	\$ 42,326	\$ 1,654,772

See accompanying auditors' report and notes to financial statements.

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 568,794
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,612
Decrease (increase) in:	
Prepaid	(3,000)
Inventory	(21,644)
Increase (decrease) in:	
Accounts payable	<u>(3,222)</u>
Net Cash Provided by Operating Activities	542,540
 Cash Flows From Investing Activities	
Purchase of property and equipment	<u>(42,243)</u>
 Net Increase (Decrease) in Cash	500,297
 Cash, beginning of the year	<u>344,147</u>
 Cash, end of the year	<u><u>\$ 844,444</u></u>
 Supplemental Disclosure:	
Cash paid for interest	<u>\$ -</u>
Cash paid for income taxes	<u><u>\$ -</u></u>

See accompanying auditors' report and notes to financial statements.

AUSTIN DISASTER RELIEF NETWORK
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. General Information

Austin Disaster Relief Network (the Corporation) is a non-profit organization that was founded in Austin, Texas. Austin Disaster Relief Network is comprised of churches, ministries and businesses within the Christian community of Greater Austin to form a disaster relief alliance to help those in need in times of disaster.

Our vision is to serve Christ by establishing a church network in the Greater Austin area that will meet the emotional, physical and spiritual needs of those affected by disaster (Luke 10:25-37). We will accomplish this vision by building a communication infrastructure that will enable and empower the Body of Christ to organize, mobilize, connect, prepare, train and respond quickly in the event of a disaster, great or small.

Core Values –

1. We are Christian. Everything we think, say or do is Christian and for the sake of Christ and the expanding of His Kingdom.
2. We believe prayer and His presence working through us is vital in all we do.
3. We believe that a combination of emotional, physical and spiritual assistance is required in the event of a disaster.
4. We seek to dwell in unity for the sake of Christ (Psalms 133).
5. We place a high value on every person we assist because we believe Christ died for them (Luke 10:25-37).
6. We believe integrity, trust and building Christ-like relationships is an essential.
7. We value transformation in the lives of people we serve.
8. We value the spirit of excellence.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of donor stipulations.

Classification of Net Assets

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

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions, including Board designated net assets for a Disaster Emergency Fund.

AUSTIN DISASTER RELIEF NETWORK
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation.

Contributions whose restrictions are met in the same period they are received are classified as unrestricted contributions in the statement of activities.

Cash and Equivalents

For the purpose of the statements of cash flows, the Corporation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Contributions

Contributions received, including grants, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of any donor restrictions.

Inventory

Inventories consist of merchandise for sale, stated at the lower of cost (average cost) or market, and donated vehicles that are stated at market value.

Federal Income Taxes

The Corporation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3). Therefore, no provision has been made for taxes on income. The Corporation is potentially subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

AUSTIN DISASTER RELIEF NETWORK
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Credit Risk

Financial instruments which potentially subject the Corporation to credit risk consist of cash and cash equivalents and accounts receivable. The Corporation's deposits exceeded the federal depository insurance limits as of December 31, 2015, by \$473,417. The Corporation does not require collateral prior to issuing credit for receivables.

Property and Equipment

Purchases of property and equipment are capitalized at cost if purchased and at fair market value at the date of receipt if donated. The Corporation capitalizes all acquisitions in excess of \$500 with a useful life greater than one year. Depreciation is computed using the straight-line method and the following estimated useful lives:

Buildings	33 years
Property improvements	10-15 years
Vehicles	5 years
Furniture and equipment	3-5 years

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The fair value of the Corporation's current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2015 were for the following purposes:

CTX Flood	\$	35,043
General Fund		1,592
Flood Aid Fund		76,370
Hays County Flood		48,862
Taylor Flood Fund		16,286
MW Flood Funds - Other		351,967
Bastrop County Fire Fund		764
MW Floods Employees Grant		36,869
DB Grant		1,961
Information Technology Fund		3,831
Hope Prayer Room Fund		<u>15,470</u>
Total	\$	<u><u>589,015</u></u>

In addition, the Board has designated \$129,102 from unrestricted contributions for ADRN's Emergency Fund.

5. In-Kind Contributions

The Corporation entered into a commercial lease agreement dated November 20, 2014, in which they pay \$0 for rent on a month-to-month basis. The Corporation has recorded \$7,200 for in-kind contribution of rent. In addition, the Corporation received in-kind contributions from the general public for disasters. In the Statement of Activities, in-kind contributions are recorded as follows:

Supplies	\$	45,529
Occupancy		<u>7,200</u>
Total	\$	<u><u>52,729</u></u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6. Property and equipment

Property and equipment consisting of the following at December 31, 2015:

Leasehold improvements	\$ 31,266
Furniture & equipment	<u>10,977</u>
	42,243
Accumulated depreciation	<u>(1,612)</u>
Total property and equipment	<u>\$ 40,631</u>

Depreciation expense for property and equipment was \$1,612 for the year ended December 31, 2015.

7. ADRN Thrift Store

In 2015, the Corporation established a separate 501(c)(3) nonprofit organization called the ADRN Thrift Store, Inc. to handle the large inflow of in-kind contributions when disasters occur, to serve survivors of disaster, and to sell merchandise to the community at large in order to raise funds to support ADRN's disaster efforts. The Thrift Store will make a contribution to ADRN each month for an amount equivalent to the Store's net profit. For the year ended December 31, 2015, ADRN received a contribution from the Thrift Store of \$4,885.

8. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the issuance date of the audit report, November 10, 2016, and there were no subsequent events to be disclosed.