

MCKINNEY COMMUNITY DEVELOPMENT CORPORATION

Grant Application

Fiscal Year 2016

IMPORTANT:

- Please read the McKinney Community Development Corporation Grant Guidelines prior to completing this application.
- The Grant Guidelines and Application are available at www.mckinneycdc.org; by calling 214.544.0296 or by emailing cschneible@mckinneycdc.org
- Please call to discuss your plans for submitting an application **in advance** of completing the form. Completed application and all supporting documents are required to be submitted electronically or on a CD for consideration by the MCDC board. Please submit the application to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

- If you are interested in a preliminary review of your project proposal or idea, please complete and submit the **Letter of Inquiry** form, available at www.mckinneycdc.org, by calling 214.544.0296 or emailing cschneible@mckinneycdc.org.

Applications must be completed in full, using this form, and received by MCDC, electronically or on a CD, by 5:00 p.m. on the date indicated in schedule below.

Please indicate the type of funding you are requesting:

- | | | |
|---|---|--|
| <input type="checkbox"/> Project Grant
Quality of Life projects that are eligible for funding in accordance with the Type B sales tax statute (refer to examples in Grant Guidelines) and that advance the mission of MCDC. | X | Promotional or Community Event Grant (maximum \$15,000)
Initiatives, activities and events that promote the City of McKinney for the purpose of developing new or expanded business opportunities and/or tourism – and enhance quality of life for McKinney residents. |
|---|---|--|

Promotional and Community Event Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 4, 2016	January 2016	February 2016
Cycle II: June 30 2016	July 2016	August 2016

Project Grants:

Application Deadline	Presentation to MCDC Board	Board Vote and Award Notification
Cycle I: January 29, 2016	February 2016	March 2016
Cycle II: April 29, 2016	May 2016	June 2016
Cycle III: July 29, 2016	August 2016	September 2016

APPLICATION

ORGANIZATION INFORMATION

Name: Embrace Waiting Children, Inc.

Federal Tax I.D.: 27-0946206

Incorporation Date: June 10, 2010

Mailing Address: 100 E. Louisiana Ave. Suite 6

City: McKinney

ST: TX

Zip: 75069

Phone: 469-617-3174

Fax: none

Email: denise@embracetexas.org

Website: www.EmbraceTexas.org

Check One:

- Nonprofit – 501(c) Attach a copy of IRS Determination Letter
- Governmental entity
- For profit corporation
- Other

Professional affiliations and organizations to which your organization belongs: Christian Alliance for Orphans, North Texas Collaborative of Child Placing Agencies, Texas Child Protection Roundtable, Texas Supreme Court Children's Commission

REPRESENTATIVE COMPLETING APPLICATION:

Name: Denise Kendrick

Title: Program Director, Interim Development Director

Mailing Address: 100 E. Louisiana St. Ste 6

City: McKinney

ST: TX

Zip: 75069

Phone: 214-354-6776

Fax: none

Email: denise@embracetexas.org

CONTACT FOR COMMUNICATIONS BETWEEN MCDC AND ORGANIZATION:

Name: Denise Kendrick

Title: Program Director, Interim Development Director

Mailing Address: 100 E. Louisiana St. Ste 6

City: McKinney

ST: TX

Zip: 75069

Phone 214-354-6776

Fax: none

Email: denise@embracetexas.org

FUNDING

Total amount requested: \$2,500

Matching Funds Available: \$0

PROJECT/PROMOTION/COMMUNITY EVENT

Start Date: April 15, 2016

Completion Date: June 12, 2016

BOARD OF DIRECTORS (see attached)

LEADERSHIP STAFF (see attached)

Using the outline below, provide a written narrative no longer than 7 pages in length:

I. Applying Organization

Embrace is a non-profit ministry serving foster and adoptive children, founded in McKinney in 2006 with 3 volunteers and \$200. We are a grassroots organization working alongside families to support neglected, abused and traumatized children. We currently have 2 full-time and 2 part-time paid employees and 2 volunteer administrative assistants who work together to manage and execute our local programs, services and development. In addition to our staff, we partnered with over 135 volunteers in McKinney in 2015. What began as a small support group for foster and adoptive families and a small resource closet of new and gently used items has become an impactful organization serving hundreds of families and children in McKinney each year. We help provide safety and stability to abused, neglected and orphaned children by providing support and services to the families who care for them. In 2015, we provided support group services to 68 unique foster, adoptive and kinship households. Our respite night program for children with special needs and foster/adoptive children is in its 8th year and provided care for 84 children on December 5, 2015 in McKinney. In addition to hosting our own respite nights, we have recruited, trained and equipped three other churches in Collin County to serve children and families through respite opportunities. An additional 230 children were served at these events.

In order to reach exponentially more children with the valuable services they need, we have adopted a "snowflake model" for growth. We develop best practices and create unique resources that serve as a blueprint to empower other volunteers, community groups and churches to jump in and serve local children. We are a free resource for anyone who seeks consultation on how to connect with and serve families and children.

In 2008, we were approached by Child Protective Services in Collin County to help identify gaps in service the State was unable to fill. Since that time, we have developed unique programs to meet the expressed needs of foster and adoptive children and emancipated foster youth. Our transitional services began by providing basic household supplies to two young men "aging-out" of foster care. We now serve over 150 former foster youth and partner with 20 churches, organizations and businesses who host donation drives to help outfit first apartments and dorms for these at-risk young adults. We also host an annual graduation party for foster teens. While these services reach youth from across the metroplex about 90% of the donations and volunteers come from McKinney!

We raise awareness in the community about the need for more foster and adoptive families. Since Embrace began recruiting efforts in 2008 there has been significant growth in the number and quality of foster homes available in McKinney. This allows our local children who need temporary care to remain in their community instead of being shipped off to neighboring counties for care. Embrace recently established a Memorandum of Understanding with the State of Texas to begin intensive recruitment efforts to find homes for "hard to place" children in Collin County. This agreement is the first of its kind awarded in Texas. We hope that this unique partnership will allow us to empty the "waiting child" population in Collin County by finding homes for these children lingering in foster care. We firmly believe that every child deserves the love and stability of a safe family.

Our office is located on the Historic Square in Downtown McKinney. We partner with many local non-profits in a spirit of teamwork to improve outcomes for our most vulnerable citizens, and to avoid duplication of efforts. Genuine life-change is taking place for children in McKinney through the work of Embrace. It is the goal of our small-staffed organization to one day work ourselves out of a job. We pray that every child in McKinney would have a safe, loving home and that the work of child welfare would be carried out by compassionate local volunteers.

When our organization was founded, our two initial staff members became paid positions through a personal support raising model. As the ministry grew, we began to diversify funding to provide a more stable foundation for organizational growth. Our development plan now includes three annual fundraising events (a golf tournament, clay shoot and prayer breakfast), grants and church partnerships. Our Program Director (who was our Development Director in the past before shifting roles a few years ago) is currently overseeing all development tasks and efforts. We are interviewing and plan to hire a Development Director in the next 6 to 9 months. This employee will work in partnership with our current staff to execute our Development Plan as well as broaden and improve existing efforts.

II. Project or Promotion/Community Event (whichever is applicable)

Embrace will host our 3rd Annual **Fairways for Families Golf Marathon and 5k** in June of 2016 in McKinney. This event has raised \$10,000-\$20,000 in a single day in past years and is a cornerstone of our funding. This one-day event is held at a local golf course (yet to be selected) and involves 20-40 golfers, 100 runners and 30 volunteers. Participants pay a participation fee of \$50/runner or \$200/golfer. **Fairways for Families** also serves to raise awareness in the community about the needs of local children. Golfers, runners and volunteers participating in the event have the unique opportunity to learn more about the children Embrace serves through a series of on-site visual aides communicating the hardship faced by neglected and abused children. This inspiring and heart wrenching "walk a mile in their shoes" presentation is installed a week before the event to help promote the event, boost participation and raises awareness to more of the community. All catering, awards and supplies are provided by local vendors. We also provide local businesses with the opportunity to sponsor and attend the event. In addition to sponsorship, many local businesses donate prizes, signage, food and supplies for the event. These business partnerships are key to reaching our funding goal. In the past two years, several participants traveled in from around the State and stayed in local lodging. We desire to bring this event, formerly hosted in Prosper and Frisco, to our hometown of McKinney to stay. Our goal is to raise \$12,000 at this year's event. Many of the families we serve become ambassadors to help raise funds for the programs and services they, and their children, benefit from by participating in this event. We've had runners as young as 11 years old complete successful fundraising campaigns for the event.

Our Program Director is in the process of receiving quotes from McKinney golf courses for the event. A course will be selected and put under contract by February 2016. In March our staff, Event Coordinator, and Board Fundraising Chair will develop a list of potential core volunteers that will complete a portion of the work to execute the event. These volunteers gather for a core volunteer training event in March and begin completing tasks related to catering, awards, volunteer recruitment, sponsor recruitment and participant recruitment. Promotional direct mail, press, email, texting and social media campaigns to promote the event take place from April - late May. Registration opens for the event on April 1. The event will take place in June. The exact date is yet to be determined and dependent upon the availability of the golf course we select.

Golfers gather for breakfast at 7am on the morning of the tournament and are briefed on the rules of play and course. The golf marathon takes place from 8:00 am - 12:00 pm. Golfers are dismissed to various holes on the course and begin the tournament. Our unique format pairs golfers into twosomes who may hit as many holes as possible in 4 hours of the marathon. This fast and furious approach appeals to experienced and rookie golfers alike. We've seen golfers hit as many as 40 holes in the allotted time! The faster you move through the course the better your chance at winning the tournament and more chances you have at the longest drive and closest to the pin competitions as well. An award is also given to the twosome who completes the most holes. Many of our golfing twosomes are parent/child pairs. The Family 5k takes place from 11:00 - 11:45 am. The 5k is called

a "Family 5k" as we encourage families to participate with children and strollers. More serious runners are awarded with medals by age group. Runners and golfers may participate in the putting competition that allows one lucky person the opportunity to putt for a \$10,000 prize. **Fairways for Families** appeals to a wide, diverse target audience very reflective of the unique population we serve. By holding the 5K on the cart paths of the golf course those with physical limitations are more able to participate. A lunch and awards ceremony is held from 12:00 - 1:30 pm. In the next three years we forecast a growth in participation to 50 golfers and 300 runners. We would also like to expand the run/walk portion of the event to include a 10k and possibly a half marathon. We plan to invite high school golf teams and cross country teams to participate in the event this year. Another possible avenue for growth is to expand the awards ceremony into a luncheon with a keynote speaker or comedian and auction that community members, sponsors, spouses of participants and others may attend for a small fee.

Has a feasibility study or market analysis been completed for this proposed project? No

Provide specific information to illustrate how this Project/Promotion/Event aligns with one or more of the goals and strategies adopted by McKinney City Council and McKinney Community Development:

- X• Eligible for MCDC consideration under Sections 501 to 505 of the Texas Local Government Code (refer to MCDC Grant Guidelines)
- X• Support cultural, sports, fitness, entertainment, community projects and events that attract resident and visitor participation and contribute to quality of life, business development and growth of McKinney sales tax revenue
- X• Highlight and promote McKinney as a unique destination for residents and visitors alike
- X• Meet citizen needs for quality of life improvements, business development and sustainable economic growth for residents in the City of McKinney
 - Demonstrate informed financial planning – addressing long-term costs, budget consequences and sustainability of projects for which funding is requested
 - Educate the community about the impact local dining and shopping has on investment in quality of life improvements in McKinney

Indicate which goal(s) listed above will be supported by the proposed Project/Promotion/Event:

Embrace and this project meet all guidelines provided in the McKinney Community Development Corporation Grant Guidelines for 2016. Embrace **Fairways For Families Golf Marathon & Family 5K** is a sports and fitness event that will attract resident and visitor participation and allow local businesses the opportunity to support a thriving, local nonprofit. These business partnerships are an excellent way for us to introduce residents to supportive, local businesses. So many of our participants who won door prizes or tasted food from local restaurants comment that they were unaware of these businesses but would be likely to patronize them in the future. Most importantly, the funds raised at this event go to improve the quality of life for McKinney's most vulnerable residents. This is a proven, annual event that has the potential to become a tradition in McKinney for residents and guests. **Fairways for Families** is truly reflective of the compassionate character of the City of McKinney.

Has a request for funding, for this Project/Promotion/Community Event, been submitted to MCDC in the past?

Yes

X No

III. Financial

For the past two events we have selected golf course venues for the event within Collin County based on relationships and memberships our board members had with various courses. After much

discussion our board and staff feel that this is an event that belongs in McKinney. We feel that moving the event to McKinney would strengthen the event and attract additional participants. We appreciate the continuity of raising funds in the very city these funds are (largely) applied. McKinney is our home. We already have funding in place to host the event with business sponsorships. The grant funds would allow us to better promote the event and message of Embrace to increase participation and consequently raise more funds for the organization. We've relied largely on personal networking and social media in past years but struggled to attract critical mass for the event. For other Embrace events we've seen a significant increase in interest and involvement when direct mail and press are used in addition to email and social media campaigns. We know this will apply to **Fairways For Families** as well. In past years, we have hired out a portion of the event planning, organization and giving platform through an outside fundraising company. We've decided to part ways from them for 2016 and reallocate those funds to improve the experience of the event and allow more of the money raised to go directly to services and programs for McKinney families.

What is the estimated total cost for this Project/Promotion/Community Event? \$13,675 (budget attached)

What percentage of Project/Promotion/Community Event funding will be provided by the Applicant? 82%

Are Matching Funds available? Yes No

Cash	Source:	% of Total
In-Kind \$	Source	% of Total

Are other sources of funding available? Embrace partners with many local businesses for both cash and in-kind donations to underwrite and offset the cost of **Fairways for Families**. Our hardworking volunteers pound the pavement to collect in-kind donations and sponsorships for this event.

Have any other federal, state, or municipal entities or foundations been approached for funding? No

IV. Marketing and Outreach

This event is promoted through targeted appeals for participants already connected to the Embrace organization as well as through promotional materials throughout the community. In past years, we have promoted the event and thanked sponsors using a billboard on Highway 380 in McKinney at Custer Road sponsored by Brown Outdoor Advertising. Each year, the event has been featured in articles in the Prosper Press and McKinney Living magazine. We print and hang posters in local businesses across the city with a focus on sporting goods stores as well as businesses, stores and restaurants on the Square. We will send a "Save the Date" postcard to 350 local households already connected to Embrace as donors, volunteers and foster/adoptive families. An email blast will reach an additional 400 households and social media appeals for this event have historically reached 3,000-5,000 households in Collin County and surrounding areas. We own the web address FairwaysForFamilies.com, but it directs to our organization home site. Grant funds will allow us to launch and maintain a unique website for the Fairways event with registration capabilities and links to our sponsors. Several local churches will include information about the event in worship bulletins and announcements. Through these efforts we hope to retain 50-60% of prior participants and recruit the remainder through new and existing contacts. By focusing on bringing the event to McKinney

and improving the overall participant experience we know that this is an event that will continue to grow and shine a light on our generous community.

V. Metrics to Evaluate Success

Due to a change in venue, it is our goal to increase individual runner/golfer participation levels by 30% and underwrite more of the cost of the event through increased corporate sponsorship. Grant funding to attract more participants will directly effect our ability in increase revenue at this event. We have tracked participation, costs and sponsorships for past events and will use this data to track and evaluate the 2016 event. We are also, based on participant feedback from prior years, lowering the cost of participation and changing from a sponsorship model to a "pay-to-play" model. As in past years, we will provide participants, sponsors and volunteers with an anonymous satisfaction survey to help us improve the event.


Acknowledgements

If funding is approved by the MCDC board of directors, Applicant will assure:

- The Project/Promotion/Community Event for which financial assistance is sought will be administered by or under the supervision of the applying organization;
- All funds awarded will be used exclusively for the purpose described in this application;
- MCDC will be recognized in all marketing, outreach, advertising and public relations as a funder of the Project/Promotion/Community Event. Specifics to be agreed upon by applicant and MCDC and included in an executed performance agreement;
- Organization's officials who have signed the application are authorized by the organization to submit the application;
- Applicant will comply with the MCDC Grant Guidelines in executing the Project/Promotion/ Community Event for which funds were received.
- A final report detailing the success of the Project/Promotion/Community Event, as measured against identified metrics, will be provided to MCDC no later than 30 days following the completion of the Project/Promotion/ Community Event.
- Up to 80% of the approved grant may be provided, on a reimbursement basis, prior to conclusion of the Project/Promotion/Community Event with submission of invoices/receipts to MCDC. The final 20% may be paid following MCDC's receipt of unpaid invoices/receipts; documentation of fulfillment of obligations to MCDC; and final report on the Project/Promotion/Community Event.
- The required performance agreement will contain a provision certifying that the applicant does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. Further, should the applicant be convicted of a violation under 8 U.S.C. § 1324a(f), the applicant will be required to repay the amount of the public subsidy provided under the agreement plus interest, at an agreed to interest rate, not later than the 120th day after the date the MCDC notifies the applicant of the violation.

We certify that all figures, facts and representations made in this application, including attachments, are true and correct to the best of our knowledge.

Chief Executive Officer




Signature

Printed Name: Bruce Kendrick

Date 12/30/2015

Representative Completing Application



Signature

Printed Name: Denise Kendrick

Date 12/30/2015

CHECKLIST:

Completed Application:

- √ Use the form/format provided
- √ Organization Description
- √ Outline of Project/Promotion/Community Event; description, goals and objectives
- √ Indicate the MCDC goal(s) that will be supported by this Project/Promotion/Community Event
- √ Project/Promotion/Community Event timeline and venue
- √ Plans for marketing and outreach
- √ Evaluation metrics
- √ List of board of directors and staff

Attachments:

- √ Financials: organization's budget for current fiscal year; Project/Promotion/Community Event budget; audited financial statements
- √ Feasibility Study or Market Analysis if completed (Executive Summary)
- √ IRS Determination Letter (if applicable)

A FINAL REPORT IS TO BE PROVIDED TO MCDC WITHIN 30 DAYS OF THE EVENT/COMPLETION OF THE PROJECT/PROMOTION/COMMUNITY EVENT.

FINAL PAYMENT OF FUNDING AWARDED WILL BE MADE UPON RECEIPT OF FINAL REPORT.

PLEASE USE THE FORM/FORMAT OUTLINED ON THE NEXT PAGE.



McKINNEY COMMUNITY DEVELOPMENT CORPORATION

Final Report

Organization:

Funding Amount:

Project/Promotion/Community Event:

Start Date:

Completion Date:

Location of Project/Promotion/Community Event:

Please include the following in your report:

- Narrative report on the Project/Promotion/Community Event
- Identify goals and objectives achieved
- Financial report – budget as proposed and actual expenditures, with explanations for any variance
- Samples of printed marketing and outreach materials
- Screen shots of online promotions
- Photographs, slides, videotapes, etc.
- Performance against metrics outlined in application

Please submit Final Report no later than 30 days following the completion of the Project/Promotion/Community Event to:

McKinney Community Development Corporation
5900 S. Lake Forest Blvd., Suite 110
McKinney, TX 75070

Attn: Cindy Schneible
cschneible@mckinneycdc.org

Fairways for Families 2016 Budget

REVENUE		TOTAL REVENUE	
Number of Golfers	30		
Funds Raised/Paid by Each Golfer	\$200	\$6,000	
Number of Runners	100		
Funds Raised/Paid by Each Runner	\$50	\$5,000	
Number of Champion Level Sponsorship	1		
Amount Champion Level Sponsorship	\$5,000	\$5,000	
Number of Defender Level Sponsorship	1		
Amount Defender Level Sponsorship	\$2,500	\$2,500	
Number of Advocate Level Sponsorship	3		
Amount Advocate Level Sponsorship	\$1,250	\$3,750	
Number of Champion Level Sponsorship	6		
Amount Champion Level Sponsorship	\$500	\$3,000	
Grant Funding	\$2,500	\$2,500	
TOTAL INCOME		\$27,750	

EXPENSES				
Venue rental	\$5,800			
Golfer awards/prizes/gifts	\$1,000			
Walker awards/prizes/gifts	\$1,000			
5k supplies	\$300			
Event coordinator	\$800			

EXPENSES				
* Texting platform (for promotion & donation)	\$400			
* Event website	\$800			
Awards ceremony catering	\$800			
Decor, equipment rental	\$200			
Volunteer training pre-event	\$300			
* Posters	\$300			
* Direct mailer printing	\$300			
* Billboard printing (space is donated)	\$275			
* Postage for mailer	\$500			
* Print advertising (magazine, newspaper)	\$400			
* "A mile in their shoes" signage	\$500	REVENUE	NET PROFIT	GRANT ELIGIBLE
TOTAL	\$13,675	\$27,750	\$14,075	\$3,475

* items that qualify for grant funding as advertising & promotion for event

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

JUN 10 2010

EMBRACE WAITING CHILDREN INC
C/O BRUCE G KENDRICK
PO BOX 908
PROSPER, TX 75078

Employer Identification Number:
27-0946206
DLN:
400063010
Contact Person:
JACOB A MCDONALD ID# 31649
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
September 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
September 16, 2009
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

EMBRACE WAITING CHILDREN INC

Sincerely,

A handwritten signature in cursive script that reads "Robert Choi". The signature is written in dark ink and is positioned below the word "Sincerely,".

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC

EMBRACE WAITING CHILDREN, INC.

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014

EMBRACE WAITING CHILDREN, INC.

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Embrace Waiting Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Embrace Waiting Children, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 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 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 Embrace Waiting Children, Inc. as of December 31, 2014, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

May 27, 2015

EMBRACE WAITING CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014

ASSETS

Current Assets:	
Cash in Banks	\$ 76,887
Prepaid Insurance	<u>1,504</u>
Total Current Assets	<u>78,391</u>
Fixed Assets (at cost):	
Furniture & Equipment	19,527
Less: Accumulated Depreciation	<u>(7,397)</u>
Fixed Assets - Net	<u>12,130</u>
TOTAL ASSETS	<u>\$ 90,521</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ <u>1,832</u>
Total Current Liabilities	<u>1,832</u>
Net Assets:	
Unrestricted	<u>88,689</u>
Total Net Assets	<u>88,689</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 90,521</u>

The accompanying notes are an integral part of this statement.

EMBRACE WAITING CHILDREN, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Change in Unrestricted Net Assets:

Public Support and Revenue:	
Public Support:	
Received Directly - Contributions	\$102,819
Received Directly - Fundraising	29,461
Received Indirectly:	
Beneficiary Event	<u>93,305</u>
Total Public Support	<u>225,585</u>
Revenue:	
Miscellaneous Revenue	<u>3,553</u>
Total Revenue	<u>3,553</u>
Total Public Support and Revenue	<u>229,138</u>
Expenses:	
Program Services	80,267
Management and General	58,242
Fundraising	<u>34,193</u>
Total Expenses	<u>172,702</u>
Increase in Unrestricted Net Assets	56,436
Net Assets, Beginning of Year	<u>32,253</u>
Net Assets, End of Year	<u>\$88,689</u>

The accompanying notes are an integral part of this statement.

EMBRACE WAITING CHILDREN, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Mgmt and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 51,060	\$ 25,530	\$ 8,510	\$ 85,100
Payroll Taxes	<u>3,906</u>	<u>1,953</u>	<u>651</u>	<u>6,510</u>
Total Salaries and Related Expenses	54,966	27,483	9,161	91,610
Printing & Copying	327	655	327	1,309
Event Tickets			479	479
Computer Expenses		87		87
Merchant Fees	1,989	2,321	2,321	6,631
Office Supplies		1,053		1,053
Postage		229	229	458
Repairs and Maintenance		327		327
Meetings	5,240	276		5,516
Bookkeeping		3,179		3,179
Insurance		2,972		2,972
Telephone/Internet		2,158		2,158
Dues & Subscriptions	575	670	670	1,915
Volunteer Recruit. & Training		214		214
Depreciation		5,001		5,001
Professional Fees		1,575		1,575
Public Relations	508	1,523	3,047	5,078
Bank Charges		167		167
Meals	1,755		1,754	3,509
Staff Training		194		194
Rent		7,845		7,845
Travel & Mileage	14,619			14,619
Interest Expense		26		26
Miscellaneous	288	287		575
Fundraising costs			<u>16,205</u>	<u>16,205</u>
Total Expenses	<u>\$ 80,267</u>	<u>\$ 58,242</u>	<u>\$34,193</u>	<u>\$172,702</u>

The accompanying notes are an integral part of this statement.

EMBRACE WAITING CHILDREN, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 56,436
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,001
Decrease (increase) in receivables	882
Decrease (increase) in prepaid rent	1,600
Decrease (increase) in prepaid insurance	(35)
Increase (decrease) in accounts payable	<u>748</u>
Net cash provided (used) by operating activities	<u>64,632</u>
Net increase (decrease) in cash and cash equivalents	64,632
Cash and cash equivalents at beginning of year	<u>12,255</u>
Cash and cash equivalents at end of year	<u>\$ 76,887</u>
Other items: Interest expense	<u>\$ 26</u>

The accompanying notes are an integral part of this statement.

EMBRACE WAITING CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A – ENTITY AND SUMMARY OF ACCOUNTING POLICIES

Entity

Embrace Waiting Children, Inc. is a nonprofit organization organized exclusively to engage in a Christian ministry helping churches and communities reclaim the care of orphans and waiting children. The Organization's receipts are from donations and fundraising. Disbursements are for salaries, supplies and support services related to purpose stated above.

Method of Accounting

The financial statements of the Embrace Waiting Children, Inc. have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation

For the year ended December 31, 2014, the Embrace Waiting Children, Inc. followed Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117 the Organization is required to report information regarding its financial position and activities according to three classes of net position: unrestricted net position, temporarily restricted net position, and permanently restricted net position. In addition, the Organization is required to present a statement of cash flows.

Depreciation

Fixed assets are being depreciated over estimated useful lives from five to seven years, using the straight-line method of depreciation. Depreciation for 2014 was \$5,001. Assets purchased over \$100 in value are capitalized.

Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Functional Expenses

Functional expenses have been allocated between Program Services, Management and General, and Fundraising based on an analysis of personnel time and resources utilized for the related activities.

EMBRACE WAITING CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - ENTITY AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Donated Items

Embrace Waiting Children, Inc. receives donations of goods and labor which are not reflected in these financial statements due to the lack of an objective measurable basis for determining fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. There were no investments under the above classifications at December 31, 2014.

NOTE B - FIXED ASSETS

At December 31, 2014 Fixed Assets consisted of the following:

Furniture and equipment	\$19,527
Less accumulated depreciation	<u>(7,397)</u>
Net	<u>\$12,130</u>

NOTE C - SUBSEQUENT EVENTS

Management evaluates events through the date of the report, which is the date the financial statements were available to be issued.

McKinney Community Development Corporation
5900 S. Lake Forest Blvd. Suite 110
McKinney, Texas 75070

To Whom It May Concern,

The McKinney Community Development Corporation Grant Application requests audits from two years prior to the current year.

Embrace Waiting Children Inc. obtained its first audit for fiscal year 2014, and prior to 2014, had only sought out a compilation for fiscal year 2012 (see attachment) due to the organization's policy to only seek an audit after the organization's budget exceeded \$200,000.

For further clarification, please contact our Interim Director of Development, Denise Kendrick, at denise@embracetexas.org or 214-354-6776.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Kendrick".

Bruce Kendrick
Executive Director

Embrace Waiting Children, Inc.
-Financial Statements-

Year Ended
December 31, 2012

EVANS, PINGLETON and HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

8950 GARY BURNS DRIVE, SUITE D

FRISCO, TEXAS 75034

972-335-9754/FAX 972-335-9758

Bruce Kendrick
Embrace Waiting Children, Inc.
P.O. Box 9080
Prosper, TX 75078

We have compiled the accompanying Statement of Financial Position of Embrace Waiting Children, Inc. (a non-profit organization) as of December 31, 2012 and the related Statement of Activities for the year ended December 31, 2012. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's financial position and change in net assets. Accordingly, the financial statements are not designed for those who are not informed about such matters.

EVANS, PINGLETON and HOWARD, PLLC

Evans, Pingleton and Howard, PLLC

June 10, 2013

Embrace Waiting Children, Inc.
Statement of Financial Position - Unaudited
As of December 31, 2012

	<u>Dec 31, 2012</u>
ASSETS	
Current Assets	
Checking/Savings	
Chase	\$ 16,716.11
Chase Payroll	11,602.47
Bank Acct - Adoption Assitance	900.00
Total Checking/Savings	<u>29,218.58</u>
Total Current Assets	29,218.58
Fixed Assets	
Furniture and Equipment	529.76
Accumulated Depreciation	<u>(529.76)</u>
Total Fixed Assets	<u>-</u>
TOTAL ASSETS	<u>\$ 29,218.58</u>
LIABILITIES & NET ASSETS	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	\$ 1,845.60
Total Other Current Liabilities	<u>1,845.60</u>
Total Current Liabilities	<u>1,845.60</u>
Total Liabilities	1,845.60
Net Assets	
Net Assets - Unrestricted	9,689.44
Net Income	17,683.54
Total Net Assets	<u>27,372.98</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 29,218.58</u>

Embrace Waiting Children, Inc.
Statement of Activities - Unaudited
January through December 2012

	<u>Jan - Dec 2012</u>
Revenues	
Designated Contributions	\$ 81,844.37
General Contributions	31,618.61
Total Revenues	<u>113,462.98</u>
Expenses	
Program Expenses	\$ 19,256.83
Contract Services	1,675.00
Facilities and Equipment	140.21
Operations	7,080.54
Payroll Expenses	56,691.43
Meals & Entertainment	896.74
Travel and Meetings	10,038.69
Total Expenses	<u>95,779.44</u>
Excess of Revenues Over/(Under) Expenses	<u><u>\$ 17,683.54</u></u>