

2021

ANNUAL REPORT

A YEAR
OF NEW
BEGINNINGS



LETTER FROM OUR CEO & BOARD CHAIR

Our overarching theme last year was “New Beginnings.” New beginnings in the staff and the services we offer. While the pandemic continued to present challenges for all nonprofits, we worked together to adjust to those new realities. We are happy to share that 35,327 individuals received services at the center in 2021, with 72,262 total client visits. In addition, our partners made referrals to one another 2,973 times, highlighting how our Network of nonprofits is building relationships and working together to help more people. These numbers show that our approach is working. We are very grateful to everyone who makes that kind of impact possible. We brought on Dr. Nora Douglas as Chief Program Officer in February. Her expertise is in program planning and evaluation, and she has worked with dozens of nonprofits across DFW. Nora helped us roll out our performance management system and grow the Shared Services program.

We spent four months evaluating our programs and services as part of the continuous improvement effort. We realized we needed to improve the clarity of what we do for the nonprofits, donors, and community. We now offer two programs: Nonprofit Network and Nonprofit Accelerator. The Nonprofit Network consists of Partners (agencies with physical offices at Serve Denton Center) and Members (who pay an annual fee for access to shared spaces and services). Second is our Nonprofit Accelerator, which consists of Shared Services and Shared Spaces. Shared Services are managed by Nora and consist of consulting services in fundraising, media and marketing, financial management, and program evaluation and planning. We know many agencies need support in these areas but often lack the staff or the funding to hire a consultant. We were fortunate to have a foundation come alongside us and give us a \$20,000 grant. We believe this program can help build capacity for many nonprofits. Shared Spaces are our meeting rooms that community groups and businesses can rent hourly.

We also had several successes in 2021. We are proud of paying off our \$795,000 bridge loan to fund construction seven months before the due date. We are still working on our term loan, which covers the purchase of the property. The year also marked the first 12 months of our performance management system. With this system, we collect data in 51 different areas monthly, quarterly, or annually to let us know how we are doing and where we can improve. Through our relationship with Toyota Production System Support Center (TSSC), we have incorporated their philosophy and management systems into our work, and the gains have been significant.

While we had many successes, there were two areas where we could have done better. First, we had to close The Wheeler House because it proved financially unsustainable. This decision was emotional and programmatically challenging. We sold The Wheeler House in May 2022, but the need for transitional housing for homeless moms and children has only grown.

Second, the City of Denton awarded Denton Community Food Center a \$439,000 grant to construct an addition. As the property owner, we were responsible for completing the construction on a reimbursable basis. We could not execute it as quickly as planned to ensure we had adequate cash on hand to meet our New Market Tax Credit financial metrics. We are now in a position to complete the addition in 2022.



Pat Smith
Chief Executive Officer

A handwritten signature in black ink that reads "Pat Smith".



Hank Dickenson
Board Chair | 2021

A handwritten signature in black ink that reads "Hank Dickenson".

MISSION

Serve Denton partners with nonprofits to help make their services more accessible for people in need.

HOW WE DO IT

Everything Serve Denton does starts with our customers: the 23 nonprofits we work with daily. We seek to deliver high-quality, affordable real estate tailored to the needs of our customers. At the same time, we want to provide responsive services that create a community of support. We have four strategic goals:

Foster Colocation: Property development is our bread and butter. It is our solution to the fundamental problem we set out to solve—to make it easy for people to find assistance.

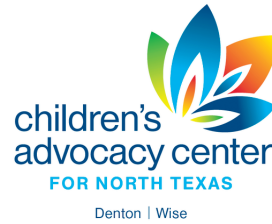
Build Connections: We have learned collaboration begins with value and trust. Connections are the seed from which value and trust grow. Building connection takes an investment of time and attention.

Promote Collaboration: Collaboration is built at the speed of trust. It is what we all aspire to attain. It comes in different forms including shared information, shared resources, and shared risk. Our hope is to create a place where collaboration occurs naturally in a way that best suits are partners and members.

Grow Capacity: Capacity growth is a by-product of colocation and collaboration. This past year our nonprofit partners were able to serve more clients during the COVID-19 pandemic thanks to additional relief funding, colocation, and collaboration efforts.



OUR PARTNERS & MEMBERS



DCFC + HSNT VACCINE DRIVE-THRU

When the COVID-19 vaccine finally became available after a long year of social distancing, getting it to as many people as possible became a priority for one of our Partners, Health Services of North Texas.

As soon as they had the Moderna vaccine in supply, they began a drive-thru vaccination operation at the Serve Denton Center. Every day, there were cars lining Serve Denton for hours as people received their vaccine.

Health Services of North Texas did a tremendous job administering thousands of vaccines to Denton County residents. Many of our own Serve Denton staff received their vaccines from them while at work.

However, the spring months brought disruptive weather that ordinarily would have made it impossible to continue the drive-thru operation. Impossible, except for the collaborative relationship they had with Denton Community Food Center.

Seeing as they were on the same campus, Denton Community Food Center opened their receiving area for Health Services of North Texas to set up their vaccination station and continue administering the life-saving vaccines.

This way—even in the rain—Health Services of North Texas never had to stop serving people.

It was a moment of collaboration that we never anticipated but affected the lives of hundreds of people. That is why we encourage and create opportunities for our Network of Nonprofits to connect and build relationships.

You never know when you will have a need that a Partner will be able to fill, even if it takes some creativity.



LETTER FROM OUR CHIEF FINANCIAL OFFICER

We have a long-running joke in my family. It's a cliché used to describe a level of mediocrity for ho-hum situations or efforts deserving neither praise nor condemnation. The phrase is, "That's not half-bad."

On reflection, it is an apt description of Serve Denton's 2021 financial results. Total revenue declined 11%. Digging just a little deeper, we see:

- In this fourth year of our capital campaign, new pledges were \$112,000, a 71% drop from last year and 80% from 2019.
- Special Events revenue declined 70% from last year. It was down 90% from 2019, the last year we were able to hold our Celebration fundraiser.

Fortunately, expenses were also down 11% from 2020. Consider:

- Facilities expense dropped \$89,000, having been spared the major roof repairs needed in 2020.
- Interest expense decreased by \$26,000 due to the continued repayment of New Market Tax Credit debt incurred in 2018. Serve Denton repaid the remaining \$418,000 of its bridge loan by May, seven months before the due date.

The net result of all this is the change in net assets (or net income) improved from (\$124,523) to (\$118,032), a wholly mediocre 5% improvement over a mediocre previous year. As I said, not half-bad!

However, no organization can exist forever in a state of perpetual financial mediocrity. If we are to meet the needs of the people we seek to serve, we must recognize the need to wean ourselves of contribution-based revenue and transition to more sustainable sources of capital and operating funds.

As we look to 2022 and beyond, we are focused on two new sources: fee-based revenue and government grants. Fee-based revenue involves leveraging our considerable in-house expertise in planning, marketing, and operations to other organizations in the nonprofit community. We expect to complete the first major project in this area this spring. We are confident others will follow.

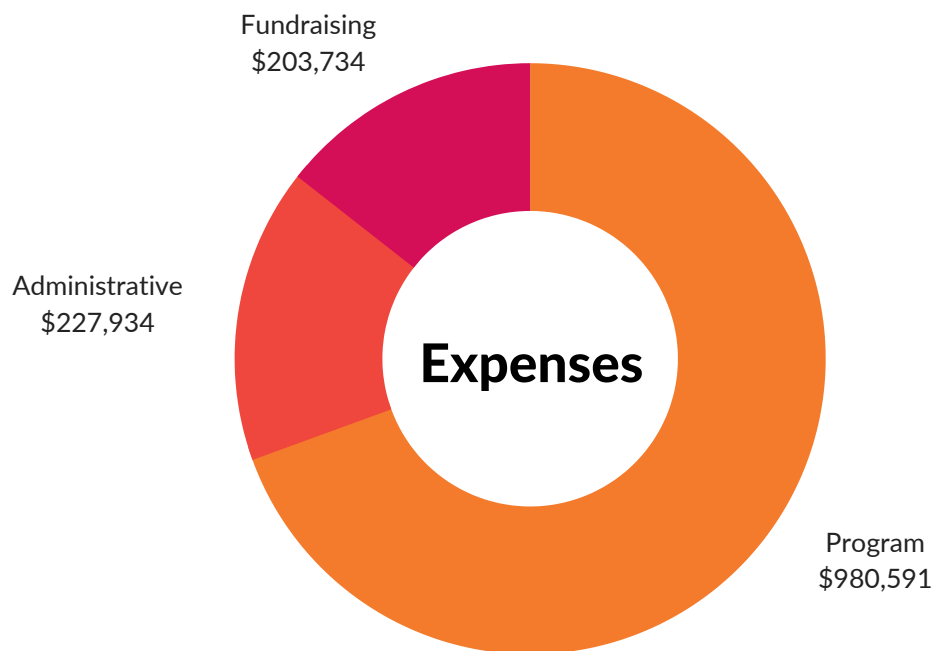
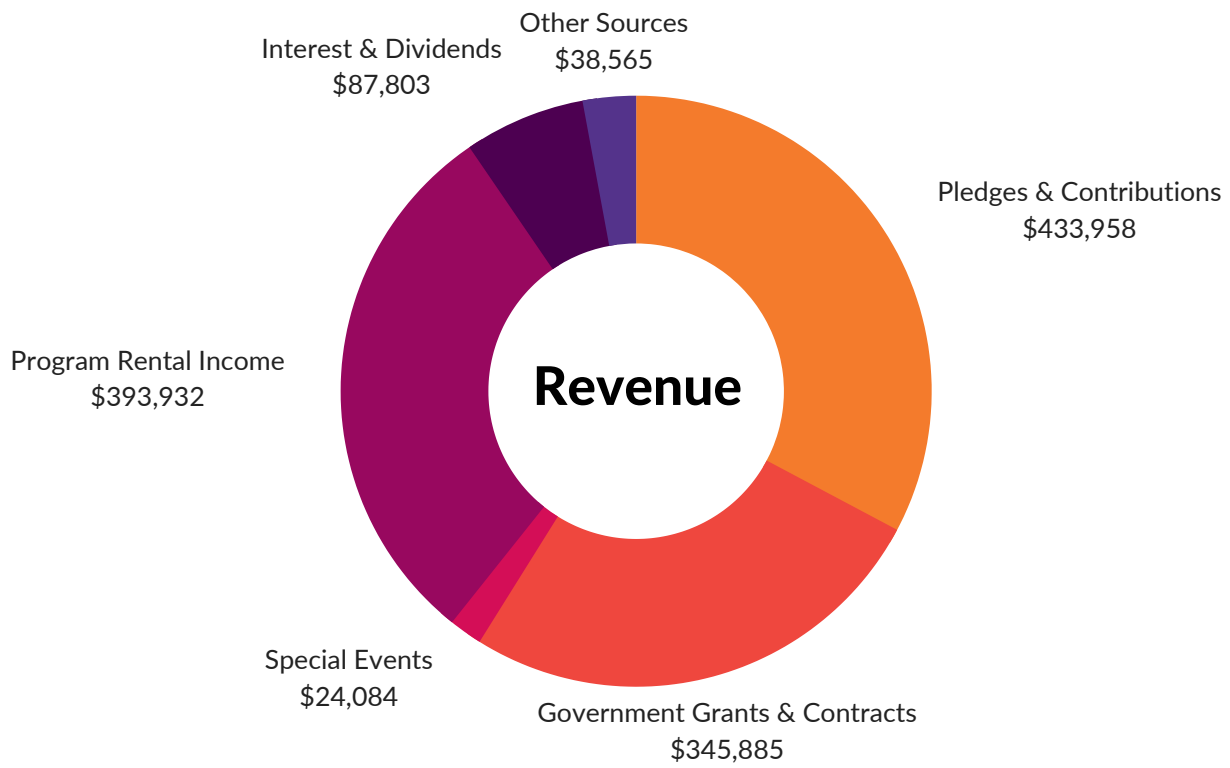
In the area of government grants, we will receive \$439,000 in capital funds to finance a significant expansion of the Denton Community Food Center. Construction is expected to be completed by late summer. Additionally, we expect to receive the proceeds of \$181,000 of Employee Retention Credits recognized in 2021. We will continue to seek grants from all levels of government in the coming years.

We remain confident that given Serve Denton's battle-tested ability to control expenses and manage operations under challenging circumstances, combined with the continuing support of our nonprofit partners, donors, sponsors, and board members, we will continue to address and meet the needs of our community for years to come.



Dale Schmeltzle
Chief Financial Officer

FINANCIAL BREAKDOWN



LETTER FROM OUR DEVELOPMENT TEAM

Serve Denton welcomed 2021 with great hope that the world would return to normalcy. Still, we faced challenges on many fronts—fundraising was a major one. We returned to Serve Denton, masked and motivated. We prevailed due to the loyal donors that we cherish and appreciate. Although we could not visit or meet face-to-face with you, we know who you are and wish you good health and hope. For the first time in 9 years, we did not hold our annual Celebration. Without our major fundraising event, we scrambled to keep our mission-driven work strong to meet our funding goal. Instead, we held a Top Golf tournament outdoors in November. We raised a record \$14,584! Thanks to our sponsors and golfers for making it such a success.

We welcomed Ms. Allison Quisenberry as our new Development Associate. She is working on her master's degree in Public Administration at The University of North Texas (UNT). She has been a great asset to the Development team. During the year, we created a robust internship program. We partnered with 'UNT's Public Administration Department to identify stellar students with an interest in Nonprofit Management. We were fortunate to have our first paid intern working with our Communications and Marketing team. They were able to experience all facets of nonprofit operations and learn what it takes to make it happen!

Serve Denton received a \$20,000 grant to promote our Shared Services program in December. The grant reduced the cost of our Shared Services for nonprofits seeking professional consultation or services in program evaluation, fundraising, grant writing, marketing, financial management, or communications by 50%. These funds allowed Serve Denton to offer these valuable services at an even more affordable rate. We are so excited to support our community nonprofits and help them thrive.

North Texas Giving Day was our biggest success yet! Our donors, fans, and supporters made generous gifts totaling \$37,892! Wow! We were awed at how many of you chose Serve Denton with so many worthy causes to support. We want you to know that we value every single gift!

As we close 2021 and look forward to 2022, we want to say thank you to our donors, Business Partners, Circle of Support members, foundations, volunteers, nonprofit partners, and everyone who helped Serve Denton do what we do: "partnering with nonprofits to help make their services more accessible for people in need."

In gratitude,



Cathy Kerly
Development Director

FUNDRAISING

Serve Denton had a total of 302 individuals, businesses, and foundations support our mission in 2021, raising a total of \$578,231.

Individual Giving

Serve Denton had 229 generous individuals that made a one-time gift or a multiyear pledge to Serve Denton for a total of \$277,905.

Business Partners

Our loyal Business Partners support us all year long with an annual membership of \$1,000 or \$2,500. In 2021, we had 22 annual business partners.

Circle of Support

Our 61 dedicated monthly giving donors contributed \$37,844 to help support Serve Denton operations in 2021.

Grants

In 2021, Serve Denton received 5 grants from foundations and local government agencies totaling \$89,386 to fund improvements and special projects.

TopGolf Sponsors

Our signature fundraising event in November 2021 brought 20 sponsors together to answer the call to support Serve Denton. The event raised \$14,214 to support our mission of partnering with nonprofits to help make their services more accessible for people in need.

OUR STAFF

Chief Executive Officer
Pat Smith

Center Director
Kinsey Adamson

Client Navigator
Anna Rodriguez

Chief Financial Officer
Dale Schmeltzle

Communication Director
Ian Harber

Development Coordinator
Sierra Karcz-Lumley

Chief Program Officer
Nora Douglas, Ph.D.

Property Director
Paul Tranis

Development Associate
Aliison Quisenbery

Development Director
Cathy Kerley

Accounting Director
Nick Arizaga

OUR BOARD

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Hank Dickenson, Denton Chamber of Commerce

1st Vice Chair

Roy Culberson, North Central Texas College, Dean of Denton County

2nd Vice Chair

Paul Martinez, Calhoun Middle School, Principal

Immediate Past Chair

Melanie Vest, DATCU, Chief Financial Officer

Treasurer

Karin Archer, Retired CPA

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Cynthia Foster, Safran, HR Manager

Cheryl Aldridge, Retired Nurse Practitioner

Sherrie Baker, Baker Tankhead Inc., Owner

Melissa Bradley, Denton State Supported Living Center, Retired

Andrew Christman, Christman Attorneys, Partner

Stephen Coffey, Grey Hawk Advisors, President

Charles Crouch, The Crouch Group, Account Executive

Roy Culberson, North Central Texas College, Dean of Denton County

Dr. Roxanne Del Rio, North Central Texas College, Dean of Strategic Student Initiatives & Multicultural Outreach

Josh Delgado, Embassy Suites - Denton Convention Center, Director of Sales

Nancy DiMarco, Texas Woman's University, Professor & Director

Kelly Dunham, Young Men's Service League

Dr. Tom Evenson, University of North Texas, Faculty Executive Assistant

Cynthia Foster, Safran, HR Manager

Cole Frazier, Frazier Commercial Real Estate, Real Estate Broker

Rob Houdek, Vision Source, Retired

Kristen Howell, Children's Advocacy Center for Denton County, CE

Ron Johnson, Mediator

Patty Lovelace, Dallas Market Center

Pam Marrufo, Denton Chamber of Commerce, Vice President Finance and Administration

Mike Paulson, Denton Community Food Center, Board Vice President

Lisa Polster, Innovative Transportation Solutions, Inc.

Jeremy Pope, All In Learning, Chief Technology Officer

Jeff Reecer, Texas Health Presbyterian Denton, President

Eddie Renz, ChemistCreative, Owner

Amanda Robertson, Small Business Owner

Doreen Rue, Health Services of North Texas, CEO

John Ryan, Limerick Services

Lorena Salas, Union Park Elementary School, Principal

Eric Schmitz, Schmitz Realty, Owner

Prudence Sanchez, Attorney

Kayla Swenson, Certified Financial Planner

Tiffany Thomson, City of Denton, Director of Human Resources

Anne Van Dyke, Medical City Denton, Vice President Quality/ Risk/ Infection/ Prevention/ Employee Health

Pat Smith, Serve Denton, Chief Executive Officer

BUSINESS PARTNERS





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