



GATEWAY HOMELESS SERVICES, INC.

d/b/a Gateway180::Homelessness Reversed

Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2020 AND 2019



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Board of Directors
Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
St. Louis, Missouri

Draft

We have audited the accompanying financial statements of Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed) (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed) as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

June 18, 2021

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Financial Position
December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 654,395	\$ 503,326
Investments, at fair value	115,531	64,622
Grants receivable	437,947	212,336
Prepaid expenses	<u>20,194</u>	<u>19,403</u>
Total Current Assets	1,228,067	799,687
Property and Equipment, net	<u>964,567</u>	<u>975,676</u>
 Total Assets	 <u>\$ 2,192,634</u>	 <u>\$ 1,775,363</u>

Liabilities and Net Assets

Current Liabilities		
Current maturities of long-term debt	\$ 6,514	\$ 6,166
Accounts payable	32,547	20,385
Accrued expenses and other current liabilities	<u>180,054</u>	<u>54,409</u>
Total Current Liabilities	219,115	80,960
Long-term Debt	<u>39,988</u>	<u>46,502</u>
Total Liabilities	<u>259,103</u>	<u>127,462</u>
Net Assets		
Without donor restrictions		
Available for general activities	1,931,131	1,637,026
With donor restrictions	<u>2,400</u>	<u>10,875</u>
Total Net Assets	<u>1,933,531</u>	<u>1,647,901</u>
 Total Liabilities and Net Assets	 <u>\$ 2,192,634</u>	 <u>\$ 1,775,363</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 365,365	\$ 2,400	\$ 367,765
Grants	1,533,447	-	1,533,447
Grants - SBA Paycheck Protection Program	176,497	-	176,497
Donated materials	154,247	-	154,247
Other	8,016	-	8,016
	<u>2,237,572</u>	<u>2,400</u>	<u>2,239,972</u>
Gross special events revenue	112,349	-	112,349
Less cost of direct benefits to donors	<u>(62,095)</u>	<u>-</u>	<u>(62,095)</u>
Net special events revenue	<u>50,254</u>	<u>-</u>	<u>50,254</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>10,875</u>	<u>(10,875)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>2,298,701</u>	<u>(8,475)</u>	<u>2,290,226</u>
Expenses			
Program Services	<u>1,684,091</u>	<u>-</u>	<u>1,684,091</u>
Supporting Activities			
Management and general	166,666	-	166,666
Fundraising	<u>153,839</u>	<u>-</u>	<u>153,839</u>
Total Supporting Activities	<u>320,505</u>	<u>-</u>	<u>320,505</u>
Total Expenses	<u>2,004,596</u>	<u>-</u>	<u>2,004,596</u>
Change in Net Assets	294,105	(8,475)	285,630
Net Assets, Beginning of Year	<u>1,637,026</u>	<u>10,875</u>	<u>1,647,901</u>
Net Assets, End of Year	<u>\$ 1,931,131</u>	<u>\$ 2,400</u>	<u>\$ 1,933,531</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 276,052	\$ -	\$ 276,052
Grants	903,117	-	903,117
Donated materials	250,058	-	250,058
Other	<u>23,005</u>	<u>-</u>	<u>23,005</u>
	<u>1,452,232</u>	<u>-</u>	<u>1,452,232</u>
Gross special events revenue	215,102	-	215,102
Less cost of direct benefits to donors	<u>(78,296)</u>	<u>-</u>	<u>(78,296)</u>
Net special events revenue	<u>136,806</u>	<u>-</u>	<u>136,806</u>
Total Revenues, Gains and Other Support	<u>1,589,038</u>	<u>-</u>	<u>1,589,038</u>
Expenses			
Program Services	<u>1,417,292</u>	<u>-</u>	<u>1,417,292</u>
Supporting Activities			
Management and general	153,972	-	153,972
Fundraising	<u>141,897</u>	<u>-</u>	<u>141,897</u>
Total Supporting Activities	<u>295,869</u>	<u>-</u>	<u>295,869</u>
Total Expenses	<u>1,713,161</u>	<u>-</u>	<u>1,713,161</u>
Change in Net Assets	(124,123)	-	(124,123)
Net Assets, Beginning of Year	<u>1,761,149</u>	<u>10,875</u>	<u>1,772,024</u>
Net Assets, End of Year	<u>\$ 1,637,026</u>	<u>\$ 10,875</u>	<u>\$ 1,647,901</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Wages and salaries	\$ 780,294	\$ 145,655	\$ 114,443	\$ 260,098	\$ 1,040,392
Equipment rental and maintenance	22,200	2,306	4,325	6,631	28,831
Food and program activities	103,900	-	-	-	103,900
Insurance	14,046	1,459	2,736	4,195	18,241
Interest expense	2,125	221	414	635	2,760
Miscellaneous	2,804	291	546	837	3,641
Office supplies	3,520	366	686	1,052	4,572
Housing programs, rental assistance and other charges	467,312	-	-	-	467,312
Professional fees	41,202	4,281	8,026	12,307	53,509
Shelter operations and supplies	130,349	-	-	-	130,349
Telephone	5,295	550	1,031	1,581	6,876
Utilities	39,733	4,128	7,740	11,868	51,601
Total Expense Before Depreciation	1,612,780	159,257	139,947	299,204	1,911,984
Depreciation	71,311	7,409	13,892	21,301	92,612
Total Expenses	<u>\$ 1,684,091</u>	<u>\$ 166,666</u>	<u>\$ 153,839</u>	<u>\$ 320,505</u>	<u>\$ 2,004,596</u>
Percent of Total	<u>84.01 %</u>	<u>8.31 %</u>	<u>7.67 %</u>	<u>15.99 %</u>	<u>100.00 %</u>

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Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Wages and salaries	\$ 721,967	\$ 134,767	\$ 105,889	\$ 240,656	\$ 962,623
Equipment rental and maintenance	28,374	2,948	5,527	8,475	36,849
Food and program activities	143,329	-	-	-	143,329
Insurance	13,549	1,408	2,639	4,047	17,596
Interest expense	2,758	286	537	823	3,581
Office supplies	4,500	467	877	1,344	5,844
Housing programs, rental assistance and other charges	176,231	-	-	-	176,231
Professional fees	23,652	2,458	4,608	7,066	30,718
Shelter operations and supplies	190,920	-	-	-	190,920
Telephone	5,367	558	1,046	1,604	6,971
Travel	109	11	21	32	141
Utilities	39,714	4,126	7,736	11,862	51,576
Total Expense Before Depreciation	1,350,470	147,029	128,880	275,909	1,626,379
Depreciation	66,822	6,943	13,017	19,960	86,782
Total Expenses	<u>\$ 1,417,292</u>	<u>\$ 153,972</u>	<u>\$ 141,897</u>	<u>\$ 295,869</u>	<u>\$ 1,713,161</u>
Percent of Total	<u>82.73 %</u>	<u>8.99 %</u>	<u>8.28 %</u>	<u>17.27 %</u>	<u>100.00 %</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 285,630	\$ (124,123)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	92,612	86,782
Realized and unrealized (gain) loss on investments	(7,499)	990
Donated securities	(43,410)	(53,611)
(Increase) decrease in assets:		
Grants receivable	(225,611)	116,187
Prepaid expenses	(791)	(11,111)
Increase (decrease) in liabilities:		
Accounts payable	12,162	(33,949)
Accrued expenses and other current liabilities	<u>125,645</u>	<u>4,332</u>
Net Cash Provided by (Used in) Operating Activities	<u>238,738</u>	<u>(14,503)</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	-	170,367
Purchases of property and equipment	<u>(81,503)</u>	<u>(5,575)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(81,503)</u>	<u>164,792</u>
Cash Flows From Financing Activities		
Payments on long-term debt	<u>(6,166)</u>	<u>(5,837)</u>
Net Cash Used in Financing Activities	<u>(6,166)</u>	<u>(5,837)</u>
Net Increase in Cash and Cash Equivalents	151,069	144,452
Cash and Cash Equivalents, Beginning of Year	<u>503,326</u>	<u>358,874</u>
Cash and Cash Equivalents, End of Year	<u>\$ 654,395</u>	<u>\$ 503,326</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 2,788	\$ 3,340

Noncash Investing and Financing Activities

During the years ended December 31, 2020 and 2019 the Organization received \$43,410 and \$53,611 of donated securities, respectively.

**Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019**

1. Nature of Operations and Basis of Presentation

Organization

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed) (the "Organization") is a not-for-profit organized under the not-for-profit public benefit laws of the state of Missouri. The Organization was established to provide shelter, food, and other life sustaining materials and activities for destitute families, children, and the homeless in the City of St. Louis. The Organization was established in 1975 and was formerly known as Christian Service Center of St. Louis, Inc.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside for various future activities.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization considers all cash in banks and short-term investments with an original maturity of three months or less at the time of purchase to be cash and cash equivalents.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the cost method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Grants Receivable

Grants receivable include amounts due from various funding sources under binding contracts with the Organization for services rendered prior to year-end.

The Organization provides an allowance for doubtful grants receivable equal to the estimated losses that will be incurred in the collection of grants receivable. This estimate is based on historical experience coupled with a review of the current status of existing grants. The allowance and associated grants receivable are reduced when the grants are determined to be uncollectible. The Organization considers grants receivable to be fully collectible; accordingly, no allowance for doubtful grants receivable is deemed necessary.

Property and Equipment

Property and equipment acquisitions with a life of one year or greater and a cost in excess of \$5,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

The estimated lives for computing depreciation on property and equipment are:

Classification	Years
Buildings and improvements	5-39
Furniture, fixtures, and equipment	5-7
Vehicles	5

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Support and Revenue

Contributions are recorded as received and unconditional promises to give are recorded as the promise is made. All contributions are available for use unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Grants are generally recognized as income in the period that specific services are provided.

Donated Materials and Services (In-Kind)

Donated noncash assets are recorded as contributions at their fair values at the date of donation. Local businesses and individuals contributed a significant amount of food and supplies used in the Organization's shelter and food pantry operations. The fair value of donated noncash assets was approximately \$154,247 and \$250,058 for the years ended December 31, 2020 and 2019, respectively.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting activities benefited.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2017 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the current year presentation.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

Recent Accounting Pronouncements

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The guidance will be required for the first fiscal year beginning after December 15, 2021. Based on a preliminary analysis, the Organization does not expect the new guidance to have a significant impact on its financial statements.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

In-Kind Donations

The FASB has issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires organizations to present contributed nonfinancial assets (gifts “in-kind”) as a separate line item on the statement of activities. The new guidance also requires enhanced disclosures to include a disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category. For each such category, the disclosures should include 1) qualitative information about whether the contributed nonfinancial assets were either “monetized” (sold or held for sale) or “utilized” (used) during the reporting period. If utilized, the Organization is required to disclose a description of the programs or activities in which the contributed assets were used, 2) the Organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, 3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, 4) a description of the valuation techniques and inputs used to arrive at a fair value measurement, in accordance with Topic 820, Fair Value Measurement, and 5) the principal market used to arrive at a fair value measurement if it is a market in which the recipient organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. The guidance will be effective for annual financial statements issued for fiscal years beginning after June 15, 2021. Based on a preliminary analysis, the Organization does expect the new guidance to have a significant impact on its financial statements.

3. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets. |
| Level 2 | Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The instruments' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

Following is a description of the valuation methodologies used for instruments measured at fair value:

Level 1 Instruments consist of publicly traded equity securities. These securities are traded on national exchanges and are stated at the last reported sales price on the day of valuation.

The following table presents the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31, 2020 and 2019:

	2020			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Equity securities:				
Healthcare	\$ 97,265	\$ 97,265	\$ -	\$ -
Technology	10,582	10,582	-	-
Industrials	7,684	7,684	-	-
Total Investments	<u>\$ 115,531</u>	<u>\$ 115,531</u>	<u>\$ -</u>	<u>\$ -</u>

	2019			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Equity securities:				
Healthcare	\$ 49,826	\$ 49,826	\$ -	\$ -
Technology	7,093	7,093	-	-
Industrials	7,703	7,703	-	-
Total Investments	<u>\$ 64,622</u>	<u>\$ 64,622</u>	<u>\$ -</u>	<u>\$ -</u>

4. Investments

At December 31, a summary of the cost and fair value of the Organization's investments is as follows:

	2020		
	Amortized Cost	Unrealized Gains	Fair Value
Equity securities	<u>\$ 109,421</u>	<u>\$ 6,110</u>	<u>\$ 115,531</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

	2019		
	Amortized Cost	Unrealized Losses	Fair Value
Equity securities	\$ 65,612	\$ (990)	\$ 64,622

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2020	2019
Buildings and improvements	\$ 1,874,400	\$ 1,832,896
Furniture, fixtures, and equipment	169,616	131,327
Vehicles	71,289	69,579
	2,115,305	2,033,802
Less accumulated depreciation	1,150,738	1,058,126
	\$ 964,567	\$ 975,676

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$92,612 and \$86,782, respectively.

6. Grants - SBA Paycheck Protection Program

The Organization received a loan from Carrollton Bank in the amount of \$176,497 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was initially subject to a note dated April 20, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization applied for and has been notified that \$176,497 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Accordingly, loan forgiveness is reported in Grants - SBA Paycheck Protection Program in the accompanying statements of activities.

7. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of \$25,000 scheduled to expire on November 23, 2021. Borrowings are charged interest at the U.S. Prime Rate (3.25 percent at December 31, 2020) plus 2.50 percent and are unsecured. The Organization is subject to certain restrictions and covenants as defined in the Agreement. The Organization was in compliance with all covenants at December 31, 2020. At December 31, 2020 and 2019, there were no borrowings outstanding.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2020 and 2019

8. Long-term Debt

Long-term debt at December 31, is as follows:

	<u>2020</u>	<u>2019</u>
Note payable to IFF with interest at 5.50 percent per annum. Interest and principal are currently payable at \$742 per month with the balance due on February 1, 2027, secured by a deed of trust on real estate.	\$ 46,502	\$ 52,668
Less current maturities	6,514	6,166
	<u>\$ 39,988</u>	<u>\$ 46,502</u>

Maturities of long-term debt as of December 31, 2020, are as follows:

<u>December 31,</u>	
2021	\$ 6,514
2022	6,881
2023	7,269
2024	7,680
2025	8,113
Thereafter	10,045
	<u>\$ 46,502</u>

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9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 654,395	\$ 503,326
Grants receivable	437,947	212,336
Investments, at fair value	<u>115,531</u>	<u>64,622</u>
	1,207,873	780,284
Contractual or donor-imposed restrictions:		
Donor restrictions	<u>(2,400)</u>	<u>(10,875)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,205,473</u>	<u>\$ 769,409</u>

The Organization's primary sources of support are contributions and grants. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. The Organization's financial assets available to meet cash needs may fluctuate based on the timing and billings of its grant contracts. To manage liquidity the Organization maintains a line of credit with a bank that is drawn upon as needed during the year to manage cash flow. See Note 7 for further description of this line.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for specified purpose	<u>\$ 2,400</u>	<u>\$ 10,875</u>

Net assets released from restrictions for the years ended December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Released from restrictions of purpose	<u>\$ 10,875</u>	<u>\$ -</u>

11. Retirement Plans

The Organization maintains a 403(b) Pension Plan covering all employees meeting certain eligibility requirements. The Organization may make a discretionary matching contribution for eligible employees. There were no employer contributions for the years ended December 31, 2020 and 2019.

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12. Risks and Uncertainties

Concentrations

Grant revenue from five and three grantors was approximately 84 and 72 percent of the Organization's grant revenue during the years ended December 31, 2020 and 2019, respectively. Grants receivable from one and three grantors was approximately 81 and 78 percent of the Organization's grants receivable at December 31, 2020 and 2019, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, grants receivable, and investments. The Organization maintains its cash primarily with two financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2020, there were cash balances of \$193,011 in excess of federally insured limits at these banks. The Organization performs ongoing credit evaluations of its donors and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its donor base, management does not believe significant credit risk exists at December 31, 2020. The Organization maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. As of December 31, 2020, there were no investment balances in excess of SIPC limits at the brokerage firm.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

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13. Commitments and Contingencies

Leases

The Organization leases equipment under a noncancellable operating lease expiring in May 2026. Future minimum lease payments at December 31, 2020 are as follows:

<u>Years Ending December 31,</u>	
2021	\$ 6,273
2022	6,596
2023	6,596
2024	6,596
2025	6,596
Thereafter	<u>2,749</u>
	<u>\$ 35,406</u>

Rent expense related to this operating lease for the years ended December 31, 2020 and 2019 totaled \$11,079 and \$10,317, respectively.

Litigation

The Organization has been named in a legal action arising in the ordinary course of its operations. In the opinion of management and legal counsel, all such matters are adequately covered by insurance, or if not so covered, are without merit or involve such amounts that unfavorable disposition would not have a material effect on the financial position of the Organization.

14. Subsequent Event

The Organization has evaluated subsequent events through June 18, 2021, the date the financial statements were available to be issued. In February 2021, the Organization received a loan from Carrollton Bank in the amount of \$176,497 under the Paycheck Protection Program established by the CARES Act. The loan is subject to a note dated February 8, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Organization will be eligible for forgiveness, in whole or in part. If the loan is not forgiven, the loan will be repaid with interest at 1.00 percent beginning February 2023, with the final payment due February 2026.