



GATEWAY HOMELESS SERVICES, INC.

d/b/a Gateway180::Homelessness Reversed

Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2021 AND 2020



Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 19

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed "Gateway 180") (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway 180 as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gateway 180 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gateway 180's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Gateway 180's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gateway 180's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



August 24, 2022

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Financial Position
December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 682,584	\$ 654,395
Investments, at fair value	237,006	115,531
Grants receivable, net	781,733	629,037
Prepaid expenses	<u>19,131</u>	<u>20,194</u>
Total Current Assets	<u>1,720,454</u>	<u>1,419,157</u>
Property and Equipment, net	<u>920,159</u>	<u>964,567</u>
 Total Assets	 <u><u>\$ 2,640,613</u></u>	 <u><u>\$ 2,383,724</u></u>

Liabilities and Net Assets

Current Liabilities		
Current maturities of long-term debt	\$ 6,881	\$ 6,514
Accounts payable	22,649	32,547
Accrued expenses and other current liabilities	<u>55,434</u>	<u>180,054</u>
Total Current Liabilities	<u>84,964</u>	<u>219,115</u>
Long-term Debt	<u>33,107</u>	<u>39,988</u>
Total Liabilities	<u>118,071</u>	<u>259,103</u>
Net Assets		
Without donor restrictions		
Available for general activities	2,520,142	2,122,221
With donor restrictions	<u>2,400</u>	<u>2,400</u>
Total Net Assets	<u>2,522,542</u>	<u>2,124,621</u>
 Total Liabilities and Net Assets	 <u><u>\$ 2,640,613</u></u>	 <u><u>\$ 2,383,724</u></u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 291,406	\$ -	\$ 291,406
Grants	1,429,894	-	1,429,894
Grants - SBA Paycheck Protection Program	176,497	-	176,497
Donated materials	228,898	-	228,898
Other	<u>141,743</u>	<u>-</u>	<u>141,743</u>
	<u>2,268,438</u>	<u>-</u>	<u>2,268,438</u>
 Gross special events revenue	 313,079	 -	 313,079
Less cost of direct benefits to donors	<u>(60,858)</u>	<u>-</u>	<u>(60,858)</u>
Net special events revenue	<u>252,221</u>	<u>-</u>	<u>252,221</u>
 Total Revenues, Gains and Other Support	 <u>2,520,659</u>	 <u>-</u>	 <u>2,520,659</u>
 Expenses			
Program Services	<u>1,752,123</u>	<u>-</u>	<u>1,752,123</u>
Supporting Activities			
Management and general	217,117	-	217,117
Fundraising	<u>153,498</u>	<u>-</u>	<u>153,498</u>
Total Supporting Activities	<u>370,615</u>	<u>-</u>	<u>370,615</u>
 Total Expenses	 <u>2,122,738</u>	 <u>-</u>	 <u>2,122,738</u>
 Change in Net Assets	 397,921	 -	 397,921
 Net Assets, Beginning of Year	 <u>2,122,221</u>	 <u>2,400</u>	 <u>2,124,621</u>
 Net Assets, End of Year	 <u>\$ 2,520,142</u>	 <u>\$ 2,400</u>	 <u>\$ 2,522,542</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	1,724,537	-	1,724,537
Grants - SBA Paycheck Protection Program	176,497	-	176,497
Donated materials	154,247	-	154,247
Other	8,016	-	8,016
	<u>2,428,662</u>	<u>2,400</u>	<u>2,431,062</u>
 Gross special events revenue	 112,349	 -	 112,349
Less cost of direct benefits to donors	(62,095)	-	(62,095)
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	10,875	(10,875)	-
Total Revenues, Gains and Other Support	<u>2,489,791</u>	<u>(8,475)</u>	<u>2,481,316</u>
 Expenses			
Program Services	1,684,091	-	1,684,091
Supporting Activities			
Management and general	166,666	-	166,666
Fundraising	153,839	-	153,839
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	 485,195	 (8,475)	 476,720
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>\$ 2,122,221</u>	<u>\$ 2,400</u>	<u>\$ 2,124,621</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statement of Functional Expenses
Year Ended December 31, 2021

		Supporting Activities			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Wages and salaries	\$ 738,352	\$ 137,826	\$ 108,292	\$ 246,118	\$ 984,470
Bad debt expense	-	55,181	-	55,181	55,181
Equipment rental and maintenance	32,887	3,417	6,407	9,824	42,711
Food and program activities	163,856	-	-	-	163,856
Insurance	21,737	2,258	4,234	6,492	28,229
Interest expense	3,265	339	636	975	4,240
Miscellaneous	10,467	1,087	2,039	3,126	13,593
Office supplies	7,005	728	1,365	2,093	9,098
Housing programs, rental assistance and other charges	479,286	-	-	-	479,286
Professional fees	41,808	4,344	8,144	12,488	54,296
Shelter operations and supplies	138,570	-	-	-	138,570
Telephone	5,441	565	1,060	1,625	7,066
Utilities	37,611	3,908	7,327	11,235	48,846
Total Expense Before Depreciation	1,680,285	209,653	139,504	349,157	2,029,442
Depreciation	71,838	7,464	13,994	21,458	93,296
Total Expenses	<u>\$ 1,752,123</u>	<u>\$ 217,117</u>	<u>\$ 153,498</u>	<u>\$ 370,615</u>	<u>\$ 2,122,738</u>
Percent of Total	<u>82.54 %</u>	<u>10.23 %</u>	<u>7.23 %</u>	<u>17.46 %</u>	<u>100.00 %</u>

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

		Supporting Activities			
	Program Services	Management and General	Fundraising	Total	Total Expenses
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>8.32 %</u>	<u>7.67 %</u>	<u>15.99 %</u>	<u>100.00 %</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 397,921	\$ 476,720
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	93,296	92,612
Realized and unrealized gain on investments	(64,842)	(7,499)
Donated securities	(52,118)	(43,410)
(Increase) decrease in assets:		
Grants receivable, net	(152,696)	(416,701)
Prepaid expenses	1,063	(791)
Increase (decrease) in liabilities:		
Accounts payable	(9,898)	12,162
Accrued expenses and other current liabilities	<u>(124,620)</u>	<u>125,645</u>
Net Cash Provided by Operating Activities	<u>88,106</u>	<u>238,738</u>
Cash Flows From Investing Activities		
Purchases of investments	(4,515)	-
Purchases of property and equipment	<u>(48,888)</u>	<u>(81,503)</u>
Net Cash Used in Investing Activities	<u>(53,403)</u>	<u>(81,503)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	<u>(6,514)</u>	<u>(6,166)</u>
Net Cash Used in Financing Activities	<u>(6,514)</u>	<u>(6,166)</u>
Net Increase in Cash and Cash Equivalents	28,189	151,069
Cash and Cash Equivalents, Beginning of Year	<u>654,395</u>	<u>503,326</u>
Cash and Cash Equivalents, End of Year	<u>\$ 682,584</u>	<u>\$ 654,395</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 2,505	\$ 2,788

Noncash Investing and Financing Activities

During the years ended December 31, 2021 and 2020 the Organization received \$52,118 and \$43,410 of donated securities, respectively.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

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.

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, 2021 and 2020

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 allowance for doubtful accounts totaled \$40,967 as of December 31, 2021. The Organization considered grants receivable to be fully collectible as of December 31, 2020.

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, 2021 and 2020

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

<u>Classification</u>	<u>Years</u>
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, 2021 and 2020.

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 \$228,898 and \$154,247 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

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 2018 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through August 24, 2022, the date the financial statements were available to be issued.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

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. 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.

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.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

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.

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, as follows:

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

		2021			
		Fair Value Measurements			
		Total	Level 1	Level 2	Level 3
Investments:					
Equity securities:					
Healthcare	\$	195,712	\$ 195,712	\$ -	\$ -
Technology		17,409	17,409	-	-
Industrials		8,278	8,278	-	-
Energy		15,607	15,607	-	-
Total Investments	\$	<u>237,006</u>	<u>\$ 237,006</u>	<u>\$ -</u>	<u>\$ -</u>
		2020			
		Fair Value Measurements			
		Total	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>

4. Investments

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

		2021		
		Amortized Cost	Unrealized Gains	Fair Value
Equity securities		<u>\$ 172,164</u>	<u>\$ 64,842</u>	<u>\$ 237,006</u>
		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, 2021 and 2020

5. Property and Equipment

Property and equipment at December 31, is as follows:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 1,898,400	\$ 1,874,400
Furniture, fixtures, and equipment	194,504	169,616
Vehicles	<u>71,289</u>	<u>71,289</u>
	2,164,193	2,115,305
Less accumulated depreciation	<u>1,244,034</u>	<u>1,150,738</u>
	<u>\$ 920,159</u>	<u>\$ 964,567</u>

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$93,296 and \$92,612, respectively.

6. Grants - SBA Paycheck Protection Program

The Organization received two loans from Carrollton Bank each in the amount of \$176,497 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The Organization applied for and was notified the loans were forgiven in full. Accordingly, loan forgiveness is reported as 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, 2024. Borrowings are charged interest at the U.S. Prime Rate (3.25 percent at December 31, 2021) 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, 2021. At December 31, 2021 and 2020, there were no borrowings outstanding.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

8. Long-term Debt

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

	<u>2021</u>	<u>2020</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.	\$ 39,988	\$ 46,502
Less current maturities	<u>6,881</u>	<u>6,514</u>
	<u>\$ 33,107</u>	<u>\$ 39,988</u>

Maturities of long-term debt as of December 31, 2021, are as follows:

<u>December 31,</u>	
2022	\$ 6,881
2023	7,269
2024	7,680
2025	8,113
2026	8,570
Thereafter	<u>1,475</u>
	<u>\$ 39,988</u>

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 682,584	\$ 654,395
Grants receivable, net	781,733	629,037
Investments, at fair value	<u>237,006</u>	<u>115,531</u>
	1,701,323	1,398,963
Contractual or donor-imposed restrictions:		
Donor restrictions	<u>(2,400)</u>	<u>(2,400)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,698,923</u>	<u>\$ 1,396,563</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Subject to expenditures for specified purpose	<u>\$ 2,400</u>	<u>\$ 2,400</u>

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

	<u>2021</u>	<u>2020</u>
Released from restrictions of purpose	<u>\$ -</u>	<u>\$ 10,875</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, 2021 and 2020.

12. Risks and Uncertainties

Concentrations

Grant revenue from four grantors was approximately 83 and 77 percent of the Organization's grant revenue during the years ended December 31, 2021 and 2020, respectively. Grants receivable from one grantor was approximately 71 and 87 percent of the Organization's grants receivable at December 31, 2021 and 2020, respectively.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2021 and 2020

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 three financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2021, there were cash balances of \$212,150 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, 2021. 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, 2021, 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.

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, 2021 are as follows:

<u>Years Ending December 31,</u>		
2022	\$	6,596
2023		6,596
2024		6,596
2025		6,596
2026		2,749
	\$	<u>29,133</u>

Rent expense related to this operating lease and other month-to-month leases for the years ended December 31, 2021 and 2020 totaled \$10,474 and \$11,079, respectively.