# GATEWAY HOMELESS SERVICES, INC.

**d/b/a Gateway180::Homelessness Reversed**

Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

# Contents

ANDERS
CPAs + ADVISORS

# 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, 2022 and 2021, 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, 2022 and 2021, 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.

***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 audits. 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 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.

Anders Minkler Huber & Helm LLP

September 6, 2023

**Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)**
**Statements of Financial Position**
**December 31, 2022 and 2021**

## Assets

| | 2022 | 2021 |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ 2,611,120 | $ 682,584 |
| Investments, at fair value | 269,043 | 237,006 |
| Grants receivable, net | 335,234 | 781,733 |
| Prepaid expenses | 13,655 | 19,131 |
| Total Current Assets | 3,229,052 | 1,720,454 |
| Property and Equipment, net | 928,337 | 920,159 |
| Total Assets | $ 4,157,389 | $ 2,640,613 |

## Liabilities and Net Assets

| | 2022 | 2021 |
|---|---|---|
| Current Liabilities | | |
| Current maturities of long-term debt | $ 7,269 | $ 6,881 |
| Accounts payable | 75,259 | 22,649 |
| Accrued expenses and other current liabilities | 25,589 | 55,434 |
| Total Current Liabilities | 108,117 | 84,964 |
| Long-term Debt | 25,837 | 33,107 |
| Total Liabilities | 133,954 | 118,071 |
| Net Assets | | |
| Without donor restrictions | 2,692,535 | 2,520,142 |
| With donor restrictions | 1,330,900 | 2,400 |
| Total Net Assets | 4,023,435 | 2,522,542 |
| Total Liabilities and Net Assets | $ 4,157,389 | $ 2,640,613 |

**Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)**
**Statement of Activities**
**Year Ended December 31, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenues, Gains and Other Support | | | |
| Contributions | $ 178,315 | $ 1,250,900 | $ 1,429,215 |
| Grants | 1,533,446 | - | 1,533,446 |
| In-kind contributions | 127,234 | - | 127,234 |
| Other | 12,130 | - | 12,130 |
| | 1,851,125 | 1,250,900 | 3,102,025 |
| Gross special events revenue | 234,555 | 80,000 | 314,555 |
| Less cost of direct benefits to donors | (70,597) | - | (70,597) |
| Net special events revenue | 163,958 | 80,000 | 243,958 |
| Net assets released from restrictions: | | | |
| Satisfaction of time and usage restrictions | 2,400 | (2,400) | - |
| Total Revenues, Gains and Other Support | 2,017,483 | 1,328,500 | 3,345,983 |
| Expenses | | | |
| Program Services | 1,573,829 | - | 1,573,829 |
| Supporting Activities | | | |
| Management and general | 157,753 | - | 157,753 |
| Fundraising | 113,508 | - | 113,508 |
| Total Supporting Activities | 271,261 | - | 271,261 |
| Total Expenses | 1,845,090 | - | 1,845,090 |
| Change in Net Assets | 172,393 | 1,328,500 | 1,500,893 |
| Net Assets, Beginning of Year | 2,520,142 | 2,400 | 2,522,542 |
| Net Assets, End of Year | $ 2,692,535 | $ 1,330,900 | $ 4,023,435 |

**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 |
|---|---|---|---|
| Revenues, 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 |
| In-kind contributions | 228,898 | - | 228,898 |
| Other | 141,743 | - | 141,743 |
| | 2,268,438 | - | 2,268,438 |
| Gross special events revenue | 313,079 | - | 313,079 |
| Less cost of direct benefits to donors | (60,858) | - | (60,858) |
| Net special events revenue | 252,221 | - | 252,221 |
| Total Revenues, Gains and Other Support | 2,520,659 | - | 2,520,659 |
| Expenses | | | |
| Program Services | 1,752,123 | - | 1,752,123 |
| Supporting Activities | | | |
| Management and general | 217,117 | - | 217,117 |
| Fundraising | 153,498 | - | 153,498 |
| Total Supporting Activities | 370,615 | - | 370,615 |
| Total Expenses | 2,122,738 | - | 2,122,738 |
| Change in Net Assets | 397,921 | - | 397,921 |
| Net Assets, Beginning of Year | 2,122,221 | 2,400 | 2,124,621 |
| Net Assets, End of Year | $ 2,520,142 | $ 2,400 | $ 2,522,542 |

**Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)**
**Statement of Functional Expenses**
**Year Ended December 31, 2022**

| | | Supporting Activities | | | |
|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total | Total Expenses |
| Wages and salaries | $ 748,049 | $ 132,566 | $ 66,283 | $ 198,849 | $ 946,898 |
| Equipment rental and maintenance | 29,460 | 3,061 | 5,739 | 8,800 | 38,260 |
| Food and program activities | 94,234 | - | - | - | 94,234 |
| Insurance | 27,843 | 2,893 | 5,424 | 8,317 | 36,160 |
| Interest expense | 1,554 | 161 | 303 | 464 | 2,018 |
| Miscellaneous | 8,860 | 921 | 1,726 | 2,647 | 11,507 |
| Office supplies | 5,993 | 623 | 1,167 | 1,790 | 7,783 |
| Housing programs, rental assistance and other charges | 368,300 | - | - | - | 368,300 |
| Professional fees | 42,950 | 4,462 | 8,367 | 12,829 | 55,779 |
| Shelter operations and supplies | 120,824 | - | - | - | 120,824 |
| Telephone | 4,831 | 502 | 941 | 1,443 | 6,274 |
| Utilities | 38,741 | 4,024 | 7,547 | 11,571 | 50,312 |
| Depreciation | 82,190 | 8,540 | 16,011 | 24,551 | 106,741 |
| Total Expenses | $ 1,573,829 | $ 157,753 | $ 113,508 | $ 271,261 | $ 1,845,090 |
| Percent of Total | 85.30 % | 8.55 % | 6.15 % | 14.70 % | 100.00 % |

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

| | Program Services | Supporting Activities: Management and General | Supporting Activities: Fundraising | Supporting Activities: 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 |
| Depreciation | 71,838 | 7,464 | 13,994 | 21,458 | 93,296 |
| Total Expenses | $ 1,752,123 | $ 217,117 | $ 153,498 | $ 370,615 | $ 2,122,738 |
| Percent of Total | 82.54 % | 10.23 % | 7.23 % | 17.46 % | 100.00 % |

**Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)**
**Statements of Cash Flows**
**Years Ended December 31, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| Cash Flows From Operating Activities | | |
| Change in net assets | $ 1,500,893 | $ 397,921 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 106,741 | 93,296 |
| Unrealized (gains) losses on investments | 15,515 | (64,842) |
| Donated securities | (40,497) | (52,118) |
| Change in allowance for doubtful grants | (40,967) | 40,967 |
| (Increase) decrease in assets: | | |
| Grants receivable | 487,466 | (193,663) |
| Prepaid expenses | 5,476 | 1,063 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 52,610 | (9,898) |
| Accrued expenses and other current liabilities | (29,845) | (124,620) |
| Net Cash Provided by Operating Activities | 2,057,392 | 88,106 |
| Cash Flows From Investing Activities | | |
| Purchases of investments | (7,055) | (4,515) |
| Purchases of property and equipment | (114,919) | (48,888) |
| Net Cash Used in Investing Activities | (121,974) | (53,403) |
| Cash Flows From Financing Activities | | |
| Payments on long-term debt | (6,882) | (6,514) |
| Net Cash Used in Financing Activities | (6,882) | (6,514) |
| Net Increase in Cash and Cash Equivalents | 1,928,536 | 28,189 |
| Cash and Cash Equivalents, Beginning of Year | 682,584 | 654,395 |
| Cash and Cash Equivalents, End of Year | $ 2,611,120 | $ 682,584 |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid for interest | $ 2,049 | $ 2,505 |

Noncash Investing and Financing Activities

During the years ended December 31, 2022 and 2021, the Organization received $40,497 and $52,118 of donated securities, respectively.

## 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.

### 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 considered grants receivable to be fully collectible as of December 31, 2022. The allowance for doubtful grants totaled $40,967 as of December 31, 2021.

### 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.

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 |

**Leases**

The Organization leases various equipment. The Organization assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Organization has elected to treat leases with a lease term of 12 months or less as short term leases. They are not recorded on the statement of financial position. Lease expense is recognized on a straight-line basis over the lease term for short term leases. The Organization had no leases with a term greater than 12 months during the years ended December 31, 2022 and 2021. Rent expense related to short term operating leases for the years ended December 31, 2022 and 2021 totaled $8,057 and $10,474, respectively.

**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. Management does not believe any impairment exists as of December 31, 2022 and 2021.

**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 (In-Kind)**

Donated noncash assets are recorded as contributions at their fair values at the date of donation. The estimated fair values of donated materials were $127,234 and $228,898 for the years ended December 31, 2022 and 2021, respectively.

**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 services 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 2019 and later remain subject to examination by taxing authorities.

**Reclassifications**

Certain amounts in the 2021 financial statements have been reclassified to conform to the current year presentation.

**Subsequent Events**

The Organization has evaluated subsequent events through September 6, 2023, the date the financial statements were available to be issued.

## 3. Change in Accounting Principle

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The Organization elected to adopt FASB ASC 842, *Leases*, using the transition method that allows the Organization to initially apply the new lease standard at the adoption date and, if applicable, recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840, *Leases*.

The Organization elected to adopt the package of practical expedients available under the transition guidance. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the ROU assets. The adoption of FASB ASC 842, *Leases*, resulted in no recognition of ROU assets or related lease liabilities as of January 1, 2022 or December 31, 2022.

## 4. 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:

| | 2022 | | | |
|---|---|---|---|---|
| | | Fair Value Measurements | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Investments: | | | | |
| Equity securities: | | | | |
| Healthcare | $ 223,732 | $ 223,732 | $ - | $ - |
| Technology | 12,367 | 12,367 | - | - |
| Industrials | 6,707 | 6,707 | - | - |
| Energy | 26,237 | 26,237 | - | - |
| Total Investments | $ 269,043 | $ 269,043 | $ - | $ - |

| | 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 | $ 237,006 | $ 237,006 | $ - | $ - |

## 5. Investments

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

| | 2022 | | |
|---|---|---|---|
| | Cost | Unrealized Losses | Fair Value |
| Equity securities | $ 284,558 | $ (15,515) | $ 269,043 |

| | 2021 | | |
|---|---|---|---|
| | Cost | Unrealized Gains | Fair Value |
| Equity securities | $ 172,164 | $ 64,842 | $ 237,006 |

## 6. Property and Equipment

Property and equipment at December 31, is as follows:

| | 2022 | 2021 |
|---|---|---|
| Buildings and improvements | $ 1,943,342 | $ 1,898,400 |
| Furniture, fixtures, and equipment | 264,481 | 194,504 |
| Vehicles | 71,289 | 71,289 |
| | 2,279,112 | 2,164,193 |
| Less accumulated depreciation | 1,350,775 | 1,244,034 |
| | $ 928,337 | $ 920,159 |

Depreciation expense for the years ended December 31, 2022 and 2021 totaled $106,741 and $93,296, respectively.

## 7. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of $25,000 scheduled to expire on November 14, 2024. Borrowings are charged interest at the U.S. Prime Rate (7.50 percent at December 31, 2022) 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, 2022. At December 31, 2022 and 2021, there were no borrowings outstanding under the Agreement.

## 8. Long-term Debt

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

| | 2022 | 2021 |
|---|---|---|
| Note payable to IFF with interest at 5.0 percent per annum. Interest and principal are currently payable at $728 per month with the balance due on February 1, 2027, secured by a deed of trust on real estate. | $ 33,106 | $ 39,988 |
| Less current maturities | 7,269 | 6,881 |
| | $ 25,837 | $ 33,107 |

Maturities of long-term debt as of December 31, 2022, are as follows:

| December 31, | |
|---|---|
| 2023 | $ 7,269 |
| 2024 | 7,622 |
| 2025 | 8,011 |
| 2026 | 8,421 |
| 2027 | 1,783 |
| | $ 33,106 |

## 9. Liquidity and Availability of Financial Assets

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

| | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | $ 2,611,120 | $ 682,584 |
| Grants receivable, net | 335,234 | 781,733 |
| Investments, at fair value | 269,043 | 237,006 |
| | 3,215,397 | 1,701,323 |
| Contractual or donor-imposed restrictions: | | |
| Donor restrictions | (1,330,900) | (2,400) |
| Financial Assets Available to Meet Cash Needs for Expenditures Within One Year | $ 1,884,497 | $ 1,698,923 |

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 Agreement.

## 10. Net Assets With Donor Restrictions

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

| | 2022 | 2021 |
|---|---|---|
| Homelessness relief services - time restriction | $ 1,250,000 | $ - |
| Salaries | 80,000 | - |
| Transportation | 900 | - |
| Storage | - | 2,400 |
| | $ 1,330,900 | $ 2,400 |

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

| | 2022 | 2021 |
|---|---|---|
| Storage | $ 2,400 | $ - |

## 11. Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ended December 31:

| | 2022 | 2021 |
|---|---|---|
| Food | $ 83,434 | $ 114,444 |
| Supplies | 43,800 | 114,454 |
| | $ 127,234 | $ 228,898 |

Donated food received by the Organization is recorded as in-kind contributions on the statements of activities and as food and program activities on the statements of functional expenses. Donated food is used to feed the Organization's occupants.

Donated supplies received by the Organization are recorded as in-kind contributions on the statements of activities and as shelter operations and supplies on the statements of functional expenses. Donated supplies include clothing, goods, and brown bags. Donated supplies are used in the operation of the Organization's programs.

All contributed nonfinancial assets are valued by the donor and approximate fair value, unless a donation is valued at an unreasonable rate. Then, the Organization will use a third-party guide to determine fair market value.

## 12. Retirement Plan

The Organization maintains a 403(b) 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, 2022 and 2021.

## 13. Risks and Uncertainties

### Concentrations

Grants revenue from four grantors were approximately 60 and 83 percent of the Organization's grants revenue during the years ended December 31, 2022 and 2021, respectively. Grants receivable from three grantors and one grantor was approximately 58 and 71 percent of the Organization's grants receivable at December 31, 2022 and 2021, respectively.

Contributions from one contributor were approximately 72 percent of the Organization's contributions revenue during the year ended December 31, 2022. There was no concentration of contributions revenue for the year ended December 31, 2021.

### 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, 2022, there were cash balances of $1,988,783 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, 2022. 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, 2022, 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.