



GATEWAY HOMELESS SERVICES, INC.

d/b/a Gateway180::Homelessness Reversed

Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2019 AND 2018



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Independent Auditors' Report

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

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, 2019 and 2018, 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, 2019 and 2018, 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.

Anders Minkler Huber & Helms LLP

September 24, 2020

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Financial Position
December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 503,326	\$ 358,874
Investments, at fair value	64,622	182,368
Grants receivable	212,336	328,523
Prepaid expenses	<u>19,403</u>	<u>8,292</u>
Total Current Assets	799,687	878,057
Property and Equipment, net	<u>975,676</u>	<u>1,056,883</u>
 Total Assets	 <u>\$ 1,775,363</u>	 <u>\$ 1,934,940</u>

Liabilities and Net Assets

Current Liabilities		
Current maturities of long-term debt	\$ 6,166	\$ 5,837
Accounts payable	20,385	54,334
Accrued expenses and other current liabilities	<u>54,409</u>	<u>50,077</u>
Total Current Liabilities	80,960	110,248
Long-term Debt	<u>46,502</u>	<u>52,668</u>
Total Liabilities	<u>127,462</u>	<u>162,916</u>
Net Assets		
Without donor restrictions		
Available for general activities	1,637,026	1,761,149
With donor restrictions	<u>10,875</u>	<u>10,875</u>
Total Net Assets	<u>1,647,901</u>	<u>1,772,024</u>
 Total Liabilities and Net Assets	 <u>\$ 1,775,363</u>	 <u>\$ 1,934,940</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 Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 663,934	\$ -	\$ 663,934
Grants	1,067,829	-	1,067,829
Donated materials	203,484	-	203,484
Other	<u>10,055</u>	<u>-</u>	<u>10,055</u>
	<u>1,945,302</u>	<u>-</u>	<u>1,945,302</u>
 Gross special events revenue	 235,775	 -	 235,775
Less cost of direct benefits to donors	<u>(69,014)</u>	<u>-</u>	<u>(69,014)</u>
Net special events revenue	<u>166,761</u>	<u>-</u>	<u>166,761</u>
Total Revenues, Gains and Other Support	<u>2,112,063</u>	<u>-</u>	<u>2,112,063</u>
 Expenses			
Program Services	<u>1,461,265</u>	<u>-</u>	<u>1,461,265</u>
Supporting Activities			
Management and general	166,384	-	166,384
Fundraising	<u>156,295</u>	<u>-</u>	<u>156,295</u>
Total Supporting Activities	<u>322,679</u>	<u>-</u>	<u>322,679</u>
 Total Expenses	<u>1,783,944</u>	<u>-</u>	<u>1,783,944</u>
 Change in Net Assets	 328,119	 -	 328,119
 Net Assets, Beginning of Year	 <u>1,433,030</u>	 <u>10,875</u>	 <u>1,443,905</u>
 Net Assets, End of Year	 <u>\$ 1,761,149</u>	 <u>\$ 10,875</u>	 <u>\$ 1,772,024</u>

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

		Supporting Activities			
	Program Services	Management and General	Fundraising	Total	Total Expenses
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, rent and related 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)
Statement of Functional Expenses
Year Ended December 31, 2018

		Supporting Activities			
	Program Services	Management and General	Fundraising	Total	Total Expenses
Wages and salaries	\$ 765,598	\$ 142,912	\$ 112,288	\$ 255,200	\$ 1,020,798
Equipment rental and maintenance	31,575	3,280	6,151	9,431	41,006
Food and program activities	146,202	-	-	-	146,202
Insurance	20,961	2,178	4,083	6,261	27,222
Interest expense	4,526	470	881	1,351	5,877
Miscellaneous	3,472	361	676	1,037	4,509
Office supplies	3,595	374	700	1,074	4,669
Housing programs, rent and related charges	168,575	-	-	-	168,575
Professional fees	39,079	4,060	7,613	11,673	50,752
Shelter operations and supplies	154,980	-	-	-	154,980
Telephone	5,292	550	1,031	1,581	6,873
Travel	55	6	11	17	72
Utilities	50,281	5,224	9,795	15,019	65,300
Total Expense Before Depreciation	1,394,191	159,415	143,229	302,644	1,696,835
Depreciation	67,074	6,969	13,066	20,035	87,109
Total Expenses	<u>\$ 1,461,265</u>	<u>\$ 166,384</u>	<u>\$ 156,295</u>	<u>\$ 322,679</u>	<u>\$ 1,783,944</u>
Percent of Total	<u>81.91 %</u>	<u>9.33 %</u>	<u>8.76 %</u>	<u>18.09 %</u>	<u>100.00 %</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (124,123)	\$ 328,119
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	86,782	87,109
Unrealized (gain) loss from sales of investments	990	371
Donated securities	(53,611)	(182,739)
(Increase) decrease in assets:		
Grants receivable	116,187	169,269
Prepaid expenses	(11,111)	4,535
Increase (decrease) in liabilities:		
Accounts payable	(33,949)	(20,746)
Accrued expenses and other current liabilities	4,332	313
Client deposits	-	(1,800)
Net Cash Provided by (Used in) Operating Activities	<u>(14,503)</u>	<u>384,431</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	170,367	-
Purchases of property and equipment	<u>(5,575)</u>	<u>(22,120)</u>
Net Cash Provided by (Used in) Investing Activities	<u>164,792</u>	<u>(22,120)</u>
Cash Flows From Financing Activities		
Payments on line of credit	-	(24,750)
Payments on long-term debt	<u>(5,837)</u>	<u>(6,124)</u>
Net Cash Used in Financing Activities	<u>(5,837)</u>	<u>(30,874)</u>
Net Increase in Cash and Cash Equivalents	144,452	331,437
Cash and Cash Equivalents, Beginning of Year	<u>358,874</u>	<u>27,437</u>
Cash and Cash Equivalents, End of Year	<u>\$ 503,326</u>	<u>\$ 358,874</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 3,581	\$ 5,877

Noncash Investing and Financing Activities

During the years ended December 31, 2019 and 2018, the Organization received \$53,611 and \$182,739 of donated securities, respectively.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018

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 promises to give 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 give 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, 2019 and 2018

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	3-15
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, 2019 and 2018.

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 \$250,058 and \$203,484 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018

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 2016 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2018 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, 2019 and 2018

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, 2020. Based on a preliminary analysis, the Organization does not expect the new guidance to have a significant impact on its consolidated financial statements.

3. Change in Accounting Principle

During the year ended December 31, 2019, the Organization changed its method of presentation and disclosure of revenue recognition in accordance with Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The major changes associated with ASU 2014-09 are to create a single framework for recognizing revenue from contracts with customers that fall within its scope. The adoption of ASU 2014-09 had no impact on the Organization's prior revenue recognition process.

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.
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Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2019 and 2018

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.

Carrying amounts of certain financial instruments such as cash and cash equivalents, grants receivable, accounts payable, accrued expenses and other current liabilities, and notes payable approximate fair value due to their short maturities or because the terms are similar to market terms. There have been no changes in the methodologies used at December 31, 2019 and 2018.

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, 2019 and 2018:

	2019			
	Fair Value Measurements			
	Total	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>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2019 and 2018

		2018		
		Fair Value Measurements		
	Total	Level 1	Level 2	Level 3
Investments:				
Equity securities:				
Healthcare	\$ 175,892	\$ 175,892	\$ -	\$ -
Technology	3,758	3,758	-	-
Industrials	2,718	2,718	-	-
Total Investments	<u>\$ 182,368</u>	<u>\$ 182,368</u>	<u>\$ -</u>	<u>\$ -</u>

5. Investments

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

		2019		
		Amortized Cost	Unrealized Gains	Fair Value
Equity securities		<u>\$ 63,632</u>	<u>\$ 990</u>	<u>\$ 64,622</u>

		2018		
		Amortized Cost	Unrealized Gains	Fair Value
Equity securities		<u>\$ 181,997</u>	<u>\$ 371</u>	<u>\$ 182,368</u>

6. Property and Equipment

Property and equipment at December 31, is as follows:

	2019	2018
Buildings and improvements	\$ 1,832,896	\$ 1,832,896
Furniture, fixtures, and equipment	131,327	125,753
Vehicles	69,579	69,579
	<u>2,033,802</u>	<u>2,028,228</u>
Less accumulated depreciation	<u>(1,058,126)</u>	<u>(971,345)</u>
	<u>\$ 975,676</u>	<u>\$ 1,056,883</u>

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$86,782 and \$87,109, respectively.

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2019 and 2018

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 prime rate plus 2.50 percent (7.25 percent at December 31, 2019) 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, 2019. At December 31, 2019 and 2018, there were no borrowings outstanding.

8. Long-term Debt

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

	<u>2019</u>	<u>2018</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 March 1, 2027, secured by a deed of trust on real estate.	\$ 52,668	\$ 58,505
Less current maturities	<u>6,166</u>	<u>5,837</u>
	<u>\$ 46,502</u>	<u>\$ 52,668</u>

Maturities of long-term debt as of December 31, 2019, are as follows:

<u>December 31,</u>	
2020	\$ 6,166
2021	6,514
2022	6,606
2023	7,390
2024	7,769
Thereafter	<u>18,223</u>
	<u>\$ 52,668</u>

Gateway Homeless Services, Inc. (d/b/a Gateway180::Homelessness Reversed)
Notes to Financial Statements
December 31, 2019 and 2018

9. Liquidity and Availability of Financial Assets

The following reflects 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 503,326	\$ 358,874
Grants receivable	212,336	328,523
Operating investments	<u>64,622</u>	<u>182,368</u>
	780,284	869,765
Contractual or donor-imposed restrictions:		
Donor restrictions	<u>(10,875)</u>	<u>(10,875)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 769,409</u>	<u>\$ 858,890</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 or periods:

	<u>2019</u>	<u>2018</u>
Kitchen remodeling	<u>\$ 10,875</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 will match eligible employees up to a maximum of six percent. There were no employer contributions for the years ended December 31, 2019 and 2018.

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12. Risks and Uncertainties

Concentrations

Grant revenue from three grantors was approximately 72 and 66 percent of the Organization's grant revenue during the years ended December 31, 2019 and 2018, respectively. Grants receivable from three grantors was approximately 78 and 72 percent of the Organization's grants receivable at December 31, 2019 and 2018, 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, 2019, there were no cash balances 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, 2019. 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, 2019, 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.

Economic Conditions

The recent COVID-19 outbreak has caused a downturn in business activity across most industries in the United States. The Organization cannot reasonably estimate the length or severity of this pandemic. At this time, COVID-19 has not negatively impacted operations; however, it remains too early to estimate the impact, if any, on the Organization's financial results.

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13. Commitments and Contingencies

The Organization leases equipment under an agreement which expires in May 2021 and calls for monthly payments of \$485. Future minimum lease payments expected to be received under noncancellable operating leases are as follows:

Years Ending December 31,

2020	\$ 5,820
2021	<u>2,425</u>
	<u><u>\$ 8,245</u></u>

Rent expense related to operating leases for the years ended December 31, 2019 and 2018 totaled \$16,096 and \$22,662, respectively.

14. Subsequent Event

The Organization has evaluated subsequent events through September 24, 2020, the date the financial statements were available to be issued. In April 2020, the Organization received a Paycheck Protection Program Loan through the U.S. Small Business Association in the amount of \$176,497. The loan is eligible for forgiveness upon meeting certain requirements. The Organization anticipates it will meet the requirements for forgiveness. If the loan is not forgiven, the loan will be repaid with interest at 1 percent beginning November 2020, with the final payment due April 2025.