

Grace Smith House, Inc.

Financial Statements and Supplementary Information

December 31, 2025 and 2024

Independent Auditors' Report

Board of Directors
Grace Smith House, Inc.

Opinion

We have audited the financial statements of Grace Smith House, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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 the ability to continue as a going concern within one year after the date 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 GAAS 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 GAAS, 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.

- 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 the Organization'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Newburgh, NY
June 24, 2026

Grace Smith House, Inc.

Statement of Financial Position
As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 1,000,693	\$ 436,849
Investments	7,416,641	6,385,985
Grants receivable	401,286	663,900
Promises to give, net	39,200	153,400
Accounts receivable (less allowance for credit losses of \$32,000 in 2025 and \$60,000 in 2024)	60,350	80,702
Prepaid expenses	73,408	7,560
Land, property and equipment, net	1,305,208	1,374,320
Total Assets	<u>\$10,296,786</u>	<u>\$ 9,102,716</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 295,383	\$ 269,636
Deferred revenue	22,285	18,299
Security deposits payable	30,941	23,978
Total Liabilities	<u>348,609</u>	<u>311,913</u>
Net Assets		
Net assets with donor restrictions	2,292,680	2,319,616
Net assets without donor restrictions	7,655,497	6,471,187
Total Net Assets	<u>9,948,177</u>	<u>8,790,803</u>
Total Liabilities and Net Assets	<u>\$10,296,786</u>	<u>\$ 9,102,716</u>

See notes to financial statements

Grace Smith House, Inc.

Statement of Activities Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fees for service	\$ 915,073	\$ -	\$ 915,073
Government grants	1,248,767	-	1,248,767
Contributions	165,579	225,941	391,520
Special events	235,201	-	235,201
Contributed nonfinancial assets	99,210	-	99,210
Rental	297,486	-	297,486
Investment return, net	766,264	-	766,264
Miscellaneous	36,418	-	36,418
Net assets released from restrictions	252,877	(252,877)	-
Total Revenue and Support	4,016,875	(26,936)	3,989,939
EXPENSES			
Program Services			
MLHR	896,493	-	896,493
Follow Up	324,834	-	324,834
Outreach	555,907	-	555,907
Brookhaven Apartments	366,206	-	366,206
Total Program Services	2,143,440	-	2,143,440
Supporting Services			
Management and general	503,950	-	503,950
Fundraising	185,175	-	185,175
Total Supporting Services	689,125	-	689,125
Total Expenses	2,832,565	-	2,832,565
Changes in Net Assets	1,184,310	(26,936)	1,157,374
Net assets at beginning of year	6,471,187	2,319,616	8,790,803
Net Assets at End of Year	\$ 7,655,497	\$ 2,292,680	\$ 9,948,177

See notes to financial statements

Grace Smith House, Inc.

Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fees for service	\$ 878,781	\$ -	\$ 878,781
Government grants	1,456,339	-	1,456,339
Contributions	160,298	245,143	405,441
Special events	157,685	-	157,685
Contributed nonfinancial assets	64,100	-	64,100
Rental	253,448	-	253,448
Investment return, net	605,930	-	605,930
Miscellaneous	1,836	-	1,836
Net assets released from restrictions	351,469	(351,469)	-
Total Revenue and Support	<u>3,929,886</u>	<u>(106,326)</u>	<u>3,823,560</u>
EXPENSES			
Program Services			
MLHR	902,639	-	902,639
Follow Up	339,067	-	339,067
Outreach	523,747	-	523,747
Brookhaven Apartments	367,545	-	367,545
Total Program Services	<u>2,132,998</u>	<u>-</u>	<u>2,132,998</u>
Supporting Services			
Management and general	455,857	-	455,857
Fundraising	157,748	-	157,748
Total Supporting Services	<u>613,605</u>	<u>-</u>	<u>613,605</u>
Total Expense	<u>2,746,603</u>	<u>-</u>	<u>2,746,603</u>
Changes in Net Assets Before Other	<u>1,183,283</u>	<u>(106,326)</u>	<u>1,076,957</u>
Changes in Net Assets			
Gain on sale of land, property and equipment	48,353	-	48,353
Changes in Net Assets	<u>1,231,636</u>	<u>(106,326)</u>	<u>1,125,310</u>
Net assets at beginning of year	5,239,551	2,425,942	7,665,493
Net Assets at End of Year	<u>\$ 6,471,187</u>	<u>\$ 2,319,616</u>	<u>\$ 8,790,803</u>

See notes to financial statements

Grace Smith House, Inc.

Statement of Functional Expenses Year Ended December 31, 2025

	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Management and Services	General	Fundraising	Total Supporting Services	Total 2025
Personnel Costs									
Salaries	\$ 505,855	\$ 206,934	\$ 387,775	\$ 92,461	\$ 1,193,025	\$ 367,025	\$ 89,986	\$ 457,011	\$ 1,650,036
FICA and MCTMT	38,447	15,728	29,473	7,027	90,675	27,896	6,839	34,735	125,410
Health benefits	53,406	21,847	40,940	9,762	125,955	38,749	9,500	48,249	174,204
Retirement plan contributions	34,746	14,214	26,636	6,351	81,947	25,211	6,181	31,392	113,339
Workers compensation/disability/NYS UI	12,369	5,060	9,481	2,261	29,171	8,974	2,200	11,174	40,345
Total Personnel Costs	644,823	263,783	494,305	117,862	1,520,773	467,855	114,706	582,561	2,103,334
Other Expenses									
Transportation	2,754	362	4,556	5	7,677	-	129	129	7,806
Activities	1,437	4,402	1,517	763	8,119	404	267	671	8,790
Contracted services	-	-	-	12,477	12,477	-	-	-	12,477
Purchased services	52,540	10,564	19,922	33,711	116,737	4,988	40,509	45,497	162,234
Food	14,453	326	-	-	14,779	-	-	-	14,779
Household supplies and equipment	7,476	441	290	254	8,461	-	362	362	8,823
Utilities	38,774	927	125	39,838	79,664	971	205	1,176	80,840
Repairs - plant	6,620	631	55	20,661	27,967	349	74	423	28,390
Repairs - equipment	1,344	-	-	225	1,569	-	-	-	1,569
Repairs - vehicles	520	-	-	-	520	-	-	-	520
Telephones and internet	10,540	1,671	3,020	759	15,990	777	254	1,031	17,021
Postage	92	30	52	90	264	30	886	916	1,180
Dues, licenses and permits	2,129	406	926	374	3,835	-	22	22	3,857
Office supplies	1,364	1,272	2,491	316	5,443	262	1,187	1,449	6,892
Conference	-	-	350	-	350	-	-	-	350
Administrative	1,066	396	53	1,789	3,304	415	88	503	3,807
Staff development	609	108	520	42	1,279	106	35	141	1,420
Contributed goods and services	27,588	6,406	10,789	8,376	53,159	-	17,238	17,238	70,397

See notes to financial statements

Grace Smith House, Inc.

Statement of Functional Expenses
Year Ended December 31, 2025

	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Management and Services	General	Fundraising	Total Supporting Services	Total 2025
Employee recognition	480	189	324	74	1,067	186	61	247	1,314
Professional fees	11,510	4,290	578	19,430	35,808	4,497	949	5,446	41,254
Insurance	12,988	4,824	649	21,801	40,262	5,056	1,067	6,123	46,385
Loss on asset disposal	-	-	-	5,226	5,226	-	-	-	5,226
Depreciation	46,377	17,226	2,319	77,848	143,770	18,054	3,810	21,864	165,634
Client assistance	10,322	5,742	12,117	4,073	32,254	-	-	-	32,254
Public relations	687	838	949	212	2,686	-	3,326	3,326	6,012
Total Other Expenses	251,670	61,051	61,602	248,344	622,667	36,095	70,469	106,564	729,231
Total expenses	\$ 896,493	\$ 324,834	\$ 555,907	\$ 366,206	\$ 2,143,440	\$ 503,950	\$ 185,175	\$ 689,125	\$ 2,832,565

See notes to financial statements

Grace Smith House, Inc.

Statement of Functional Expenses Year Ended December 31, 2024

	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Management and Services	General	Fundraising	Total Supporting Services	Total 2024
Personnel Costs									
Salaries	\$ 526,541	\$ 202,431	\$ 373,837	\$ 90,970	\$ 1,193,779	\$ 338,156	\$ 100,377	\$ 438,533	\$ 1,632,312
FICA and MCTMT	40,312	15,498	28,621	6,965	91,396	25,889	7,685	33,574	124,970
Health benefits	56,047	21,548	39,793	9,683	127,071	35,995	10,685	46,680	173,751
Retirement plan contributions	18,237	7,011	12,948	3,151	41,347	11,713	3,477	15,190	56,537
Workers compensation/disability/NYS UI	13,575	5,219	9,638	2,345	30,777	8,718	2,588	11,306	42,083
Total Personnel Costs	654,712	251,707	464,837	113,114	1,484,370	420,471	124,812	545,283	2,029,653
Other Expenses									
Transportation	2,632	60	4,047	4	6,743	-	-	-	6,743
Activities	676	14,994	4,505	1,133	21,308	204	85	289	21,597
Contracted services	-	-	-	15,820	15,820	-	-	-	15,820
Purchased services	47,648	12,944	21,697	28,409	110,698	5,675	21,139	26,814	137,512
Food	12,667	514	-	-	13,181	-	-	-	13,181
Household supplies and equipment	7,162	144	232	258	7,796	-	-	-	7,796
Utilities	34,812	1,131	152	40,938	77,033	1,185	205	1,390	78,423
Repairs - plant	5,135	416	52	18,790	24,393	404	85	489	24,882
Repairs - equipment	3,325	-	-	1,229	4,554	-	-	-	4,554
Repairs - vehicles	497	-	-	-	497	-	-	-	497
Telephones and internet	11,153	2,120	2,885	811	16,969	848	354	1,202	18,171
Postage	151	27	49	83	310	70	602	672	982
Dues, licenses and permits	2,138	387	577	440	3,542	-	-	-	3,542
Office supplies	1,566	601	1,302	130	3,599	226	525	751	4,350
Conference	343	119	215	44	721	111	47	158	879
Administrative	884	328	44	1,484	2,740	344	73	417	3,157
Staff development	722	164	351	100	1,337	153	64	217	1,554
Contributed goods and services	27,497	6,443	10,380	10,118	54,438	-	-	-	54,438

See notes to financial statements

Grace Smith House, Inc.

Statement of Functional Expenses
Year Ended December 31, 2024

	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Management and Services	General	Fundraising	Total Supporting Services	Total 2024
Employee recognition	101	35	64	13	213	33	14	47	260
Professional fees	11,201	4,160	560	21,314	37,235	4,360	920	5,280	42,515
Insurance	12,716	4,740	638	21,467	39,561	4,968	1,048	6,016	45,577
Loss on asset disposal	-	-	-	17,934	17,934	-	-	-	17,934
Depreciation	43,169	16,034	2,158	72,462	133,823	16,805	3,546	20,351	154,174
Client assistance	15,732	21,582	7,130	1,308	45,752	-	-	-	45,752
Public relations	388	417	1,872	142	2,819	-	4,229	4,229	7,048
Credit losses	5,612	-	-	-	5,612	-	-	-	5,612
Total Other Expenses	247,927	87,360	58,910	254,431	648,628	35,386	32,936	68,322	716,950
Total expenses	\$ 902,639	\$ 339,067	\$ 523,747	\$ 367,545	\$ 2,132,998	\$ 455,857	\$ 157,748	\$ 613,605	\$ 2,746,603

See notes to financial statements

Grace Smith House, Inc.

Statements of Cash Flows Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,157,374	\$ 1,125,310
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	165,634	154,174
Change in discount on promises to give	(800)	(3,300)
Credit losses	-	5,612
Loss on disposal of land, property and equipment	5,226	17,934
Gain on sale of land, property, and equipment	-	(48,193)
Donated stock	(28,187)	(9,052)
Realized and unrealized gains on investments	(613,752)	(476,898)
Changes in operating assets and liabilities:		
Grants receivable	262,614	(272,179)
Promises to give	115,000	80,000
Accounts receivable	20,352	4,741
Prepaid expenses	(65,848)	455
Accounts payable and accrued expenses	25,747	81,348
Deferred revenue	3,986	(23,763)
Security deposit payable	6,963	712
Total adjustments to reconcile change in net assets to net cash from operating activities	(103,065)	(488,409)
NET CASH FROM OPERATING ACTIVITIES	1,054,309	636,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of land, property and equipment	-	353,003
Purchase of land, property and equipment	(101,748)	(256,258)
Proceeds from sale of investments	564,493	2,270,325
Purchase of investments	(953,210)	(2,948,143)
NET CASH FROM INVESTING ACTIVITIES	(490,465)	(581,073)
Net change in cash and cash equivalents	563,844	55,828
Cash and equivalents at beginning of year	436,849	381,021
Cash and cash equivalents at end of year	\$ 1,000,693	\$ 436,849

See notes to financial statements

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

1. Organization and Taxation

Grace Smith House, Inc. (the “Organization”) is a not-for-profit organization incorporated in New York State in 1981. The mission of the Organization is to empower individuals and families to live free from domestic violence by providing shelter and apartments, advocacy, counseling and education; raising the consciousness of the community regarding the extent, type and seriousness of domestic violence and by taking positions on public policies in order to provide options which empower victims. The Organization provides a full spectrum of client centered, trauma informed assistive services to victims of domestic violence and their minor children. Services include a 24/7/365 domestic violence crisis hotline; the Mary Lou Heissenbuttel Residence (“MLHR”), which is a 25 bed emergency shelter; 15 transitional housing apartments; non-residential services for victims residing in the community; children’s programming; and a prevention and education program. Advocates and counselors provide crisis intervention, intensive case management, safety planning, risk assessment, information and referral, counseling and emotional support, support groups, legal advocacy, court advocacy and accompaniment, and transportation. The Organization has advocates embedded in Dutchess County Family Court and Child Protective Services offices. The Organization also has specialized advocates working with Latina victims and collaborates with various community service providers to assist victims as needed. The outreach program educates the community, service providers, healthcare personnel, church groups, high school and middle school students and school administrators on issues of abuse in relationships. All services are based on an empowerment philosophy, are conducted in a trauma informed manner and are free and confidential to victims of domestic violence.

The Organization has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been recognized in the accompanying financial statements. The Organization has been classified as an organization that is not a private foundation under Section 509(a) and has been designated as a publicly supported organization under Section 170(b)(1)(A) (vi). Contributions to the Organization are tax-deductible within the limitations prescribed by the Internal Revenue Code.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies

a. Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

b. Net Asset Presentation

Net assets are classified based on the presence or absence of donor imposed restrictions. Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of the Organization's operations. Net assets without donor restrictions may be used at the discretion of the Organization's management and Board of Directors (the "Board").

With donor restrictions – represent amounts contributed by donors for specific activities of the Organization or to be used at some future date. The Organization records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts restricted by donors for the Organization's operating programs whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

c. Revenue Recognition

Fees for service is the revenue stream that is accounted for as an exchange transaction. Because the Organization's performance obligations relate to contracts with a duration of one year or less, the Organization has elected to apply the optional exemption provided by the guidance and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization uses a portfolio approach as a practical expedient to account for categories of contracts as collective groups, rather than recognizing revenue on an individual contract basis. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

The Organization has elected the practical expedient and does not adjust the promised amount of consideration from fees for services for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a client and the time that the revenue is received for that service will be one year or less.

d. Grants and Contributions

Government grants are third-party reimbursement contracts for specific programs. Revenue is recognized when the service is provided and the corresponding expense is incurred. Unconditional contributions are recognized as revenue in the period received or pledged.

Grants receivable balances are stated at the amount that management expects to collect from outstanding balances. Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and a reduction in grants receivable. At December 31, 2025 and 2024, there was no allowance for uncollectable grants.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

e. Promises to Give

Promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows, net of a discount using a risk-adjusted rate of interest. The discount is amortized using an effective yield over the expected collection period of the receivables.

f. Fees for Service

Fees for service revenue consist primarily of funding from the Local Districts of Social Services ("LDSS"). Payments are generally paid based upon per diem county rates for the number of bed nights provided.

g. Rental Income

Rental income is recognized in the period it is earned and is reported at estimated net realizable amounts. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the Transitional Housing Program are operating leases.

h. Contributed Nonfinancial Assets and Services

Donated services that require specialized skills, provided by individuals possessing those skills, that would typically need to be purchased if not provided by donation, and donated goods, are recorded at their fair values in the period received.

i. Cash and Cash Equivalents

Except for those cash equivalents which are included in the Organization's investment portfolio which are held for long-term investment purposes, cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

j. Investment Income Valuation and Recognition

Investments are measured at fair value with changes therein recognized in the statements of activities. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

k. Fair Value of Financial Instrument

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

l. Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The Organization recognizes the allowance for credit losses at inception of the receivable and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience of uncollectible accounts, the credit quality of the customer base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Organization's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

l. Accounts Receivable and Allowance for Credit Losses (Continued)

The Organization records a provision for expected credit losses using a historical loss-rate method based on the ratio of its historical write-offs to its average trade accounts receivable. At each reporting period, the Organization assesses whether financial assets in a pool continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the Organization may determine that it should move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The total amount of write offs was immaterial to the financial statements as a whole for the years ended December 31, 2025 and 2024.

m. Land, Property and Equipment

Land, property and equipment purchases over \$1,000 with useful lives greater than one year are capitalized and stated at cost, less accumulated depreciation. Donated assets are capitalized at fair value at the time of the donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Maintenance, routine repairs and minor replacements are charged to operations as incurred, while those improvements which materially extend the lives of existing assets are capitalized.

n. Deferred Revenue

Deferred revenue consists of advanced payments received for operations for the following year.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

o. Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management.

Natural Expense Category	Method of Allocation
Total personnel costs	Time and effort
Transportation	Purpose and function
Activities	Purpose and function
Purchased services	Purpose and function
Food	Purpose and function
Household supplies and equipment	Purpose and function
Utilities	Purpose and function
Repairs - plant	Purpose and function
Repairs - equipment	Purpose and function
Telephone and internet	Purpose and function
Postage	Purpose and function
Dues, licenses and permits	Purpose and function
Office supplies	Purpose and function
Conference	Purpose and function
Administrative	Purpose and function
Staff development	Purpose and function
Contributed goods and services	Purpose and function
Employee recognition	Purpose and function
Professional fees	Purpose and function
Insurance	Purpose and function
Depreciation	Square footage
Client assistance	Purpose and function
Public relations	Purpose and function
Credit losses	Purpose and function

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

p. Advertising

The Organization uses advertising to promote its programs and services. All costs associated with advertising are expensed in the year incurred, which approximated \$50 in 2025 and 2024.

q. Accounting for Uncertainty in Income Taxes

The Organization recognizes the effects of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examination by applicable taxing jurisdictions for periods prior to December 31, 2022.

r. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 24, 2026.

3. Liquidity and Availability of Resources

The Organization's working capital and cash flows have seasonal variations during the year attributable to annual cash receipts from specific fundraising events, grant and contract revenue, and a concentration of contributions received near the calendar year end. To manage cash flow and liquidity, the Organization is diligent in seeking and keeping diversified funding streams and has been awarded various multi-year funding contracts. The Organization also maintains a line of credit of \$125,000 with a bank. The line of credit has not been drawn down but is available if needed.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

3. Liquidity and Availability of Resources (Continued)

Financial assets available for general expenditures within one year of December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Total assets	\$10,296,786	\$ 9,102,716
Less:		
Prepaid expense	(73,408)	(7,560)
Land, property, and equipment, net	(1,305,208)	(1,374,320)
Net assets with donor restriction	(2,292,680)	(2,319,616)
Financial assets available within one year	<u><u>\$ 6,625,490</u></u>	<u><u>\$ 5,401,220</u></u>

4. Fair Value Measurements

The following are major categories of investments measured at fair value and categorized by fair value hierarchy for those investments measure at fair value at December 31:

Quoted Prices in Active Markets for Identical Assets (Level 1)

	<u>2025</u>	<u>2024</u>
Assets:		
Common stock	\$ 1,466,001	\$ 1,319,859
Mutual funds	926,669	767,558
Exchange traded funds	4,196,091	3,691,674
Investments at Fair Value	<u>6,588,761</u>	<u>5,779,091</u>
Cash and cash equivalents:	827,880	606,894
Total Investments	<u><u>\$ 7,416,641</u></u>	<u><u>\$ 6,385,985</u></u>

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

4. Fair Value Measurements (Continued)

Investment return consists of the following for the years ended December 31:

	2025	2024
Interest and dividends	\$ 182,249	\$ 155,520
Unrealized gain, net	618,837	320,074
Realized (loss) gain, net	(5,085)	156,824
Investment fees	(29,737)	(26,488)
	<u>\$ 766,264</u>	<u>\$ 605,930</u>

5. Promises to Give, net

The Organization received unconditional promises to give which have been recorded net of a present value discount of 3.92% at December 31:

	2025	2024
Due in two or more years	\$ 20,000	\$ 40,000
Less discount to net present value	(800)	(1,600)
Due in one year or less	20,000	115,000
Promises to Give, net	<u>\$ 39,200</u>	<u>\$ 153,400</u>

Promises to give were received with donor restrictions for time at December 31, 2025 and 2024.

Promises to give were comprised of amounts pledged from one donor and three donors at December 31, 2025 and 2024 .

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

6. Accounts Receivable, net

Accounts receivable, net consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
LDSS per diem services	\$ 89,270	\$ 136,798
Rents and other	3,080	3,904
Allowance for credit losses	(32,000)	(60,000)
Total Accounts Receivable, net	<u><u>\$ 60,350</u></u>	<u><u>\$ 80,702</u></u>

7. Land, Property, and Equipment, net

Land, property, and equipment, net consist of the following at December 31:

	<u>Useful Life</u>	<u>2025</u>	<u>2024</u>
Land	-	\$ 204,478	\$ 204,478
Land improvements	5-40	128,057	123,112
Buildings and building improvements	5-40	3,437,965	3,365,841
Furniture and equipment	3-15	409,090	397,014
Transportation equipment	5	103,650	103,650
Land, Property and Equipment		<u>4,283,240</u>	<u>4,194,095</u>
Accumulated depreciation		<u>(2,978,032)</u>	<u>(2,819,775)</u>
Land, Property and Equipment, net		<u><u>\$ 1,305,208</u></u>	<u><u>\$ 1,374,320</u></u>

During the year ended December 31, 2025, assets with a cost of \$8,981 and accumulated depreciation of \$3,755 were disposed of, resulting in a loss on disposal of \$5,226.

During the year ended December 31, 2024, a building and land with a cost of \$304,810 were sold for proceeds of \$353,003, resulting in a gain from the sale of \$48,193. During the year ended December 31, 2024, assets with a cost of \$107,101 and accumulated depreciation of \$89,167 were disposed of resulting in a loss on disposal of \$17,934.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

8. Contract Receivable

The following are the contract receivable balances as of December 31:

Description	2025	2024	2023
LDSS per diem services	<u>\$ 60,350</u>	<u>\$ 80,702</u>	<u>\$ 91,055</u>

9. Line of Credit

The Organization maintains a line of credit agreement with a bank in the amount of \$125,000 and is payable on demand. The line of credit is secured by all accounts receivable and equipment. Interest is calculated at the Wall Street Journal Prime Rate plus 1.25% (8.00% at December 31, 2025 and 8.75% at December 31, 2024). There was no outstanding balance as of December 31, 2025 and 2024. The line of credit requires that the Organization maintain a zero balance on the line for a period of 30 consecutive days during the term of the loan. The Organization did not draw down on the line of credit for the years ended December 31, 2025 and 2024.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2025	2024
Acquisition or construction of a shelter	\$ 1,000,000	\$ 1,000,000
Time or restricted for programs, operations and capital projects	1,292,680	1,319,616
Total net assets with donor restrictions	<u><u>\$ 2,292,680</u></u>	<u><u>\$ 2,319,616</u></u>

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

10. Net Assets With Donor Restrictions (Continued)

The sources of net assets released from restrictions are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Time or purpose restricted for programs, operations and capital projects	\$ 252,877	\$ 351,469
	<u> </u>	<u> </u>

11. Retirement Plans

401(k) Profit Sharing Plan

The Organization maintains a retirement plan (the “Plan”) that had been an employer contribution only plan where the Organization considers making annual contributions to the Plan on behalf of covered employees based on a percentage of employees’ salaries. The percentage is determined annually by the Organization’s Board. Contributions to the Plan were approximately \$76,000 and \$53,000 for the years ended December 31, 2025 and 2024. During 2024, the Organization amended the Plan to include a 401(k) deferral feature (the “401(k)”) feature. All employees are eligible to make 401(k) deferrals immediately upon hire and can contribute to the 401(k) up to the maximum allowed by law. The Organization offers a match program which is tiered based on years of employment. The maximum match allowed is 4% of annual salary. Matching contributions by the Organization to the 401(k) were \$37,331 and \$3,672 for the years ended December 31, 2025 and 2024.

403(b) Tax Deferred Annuity Plan

The Organization maintains a 403(b) tax deferred annuity plan (the “403(b)”) that is an employee contribution only plan. Full time and part time employees are able to enroll in the 403(b). Employees can enter the 403(b) in January or July of each year. The salary deferral is on a pre-tax basis and is only available through payroll deduction.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

12. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, investments held at financial institutions, and receivables. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") or by the National Credit Union Administration ("NCUA") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times, cash and investment balances may exceed the FDIC, NCUA, and SIPC limits.

At December 31, 2025 and 2024, the Organization had uninsured cash deposits at financial institutions of approximately \$25,000 and \$207,000. During the year ended December 31, 2025, the Organization participated in a sweep program under which certain cash balances were transferred into omnibus deposit accounts held at FDIC-insured institutions. The balance in the sweep account at December 31, 2025 amounted to approximately \$724,000 and was split between three FDIC-insured banks, each with coverage up to \$250,000. Amounts in excess of FDIC insurance limits are not insured.

At December 31, 2025 and 2024, the Organization's uninsured investment holdings totaled approximately \$6,089,000 and \$5,279,000. Included within investment holdings at December 31, 2025 were cash balances of approximately \$331,000 that exceeded FDIC coverage limits under the Bank Deposit Sweep Program. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investment represents a significant concentration of credit risk.

The Organization receives a substantial amount of its support from governmental agencies. A significant reduction in the level of this support, if it were to occur, may have an effect on the programs and activities.

At December 31, 2025, two grantors accounted for 79% of grant revenue and two grantors accounted for 78% of grants receivable. At December 31, 2024, three grantors accounted for 80% of grant revenue and two grantors accounted for 74% of grants receivable.

Grace Smith House, Inc.

Notes to the Financial Statements Years Ended December 31, 2025 and 2024

13. Related Party Transactions

At times the Organization will utilize the service of the Board in their respective businesses. These services are conducted as part of the normal course of business.

14. Contributed Nonfinancial Assets and Services

Contributed nonfinancial assets and services consisted of the following for the years ended December 31

	2025	2024	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Food	\$10,075	\$8,932	Utilized	Program Service	None	Current Purchase prices
Direct assistance	40,584	42,806	Utilized	Program Service	None	Current Purchase prices
Marketing	19,738	3,310	Utilized	Program Service	None	Current Service rates
Stock donation	28,813	9,052	Utilized	Program Service	None	Current fair value
Total contributed nonfinancial assets	\$99,210	\$64,100				

15. Risks and Uncertainties

Market factors can result in substantial volatility in the global financial markets. Because the value of the Organization's individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

Grace Smith House, Inc.

Supplementary Information

December 31, 2025 and 2024

Grace Smith House, Inc.

Supplementary Schedule of Revenue and Support
Year Ended December 31, 2025

Revenue and Support	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	Total 2025
Fee for service	\$ 915,073	\$ -	\$ -	\$ -	\$ 915,073	\$ -	\$ -	\$ 915,073
Government grants	345,754	299,307	503,324	93,932	1,242,317	6,450	-	1,248,767
Contributions	6,533	1,552	4,113	1,104	13,302	9	378,209	391,520
Special events	-	-	-	-	-	-	235,201	235,201
Contributed nonfinancial assets	27,588	6,406	10,789	8,376	53,159	-	46,051	99,210
Rental	-	-	-	297,486	297,486	-	-	297,486
Investment return, net	394,175	93,167	156,917	121,816	766,075	189	-	766,264
Miscellaneous	33,612	-	998	-	34,610	1,808	-	36,418
Total Revenue and Support	\$ 1,722,735	\$ 400,432	\$ 676,141	\$ 522,714	\$ 3,322,022	\$ 8,456	\$ 659,461	\$ 3,989,939

See independent auditors' report

Grace Smith House, Inc.

Supplementary Schedule of Revenue and Support
Year Ended December 31, 2024

Revenue and Support	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	Total 2024
Fee for Service	\$ 878,781	\$ -	\$ -	\$ -	\$ 878,781	\$ -	\$ -	\$ 878,781
Government grants	428,079	304,984	491,410	225,603	1,450,076	6,263	-	1,456,339
Contributions	6,439	3,953	1,182	1,383	12,957	1,062	391,422	405,441
Special events	-	-	-	-	-	-	157,685	157,685
Contributed nonfinancial assets	28,426	6,221	10,022	10,379	55,048	-	9,052	64,100
Rental	-	-	-	253,448	253,448	-	-	253,448
Investment return, net	301,204	70,317	113,286	110,429	595,236	10,694	-	605,930
Miscellaneous	-	-	-	-	-	1,836	-	1,836
Total Revenue and Support	\$ 1,642,929	\$ 385,475	\$ 615,900	\$ 601,242	\$ 3,245,546	\$ 19,855	\$ 558,159	\$ 3,823,560

See independent auditors' report