

Grace Smith House, Inc.

Financial Statements

December 31, 2021 and 2020

Independent Auditors' Report

Board of Directors
Grace Smith House, Inc.

Opinion

We have audited the accompanying financial statements of the Grace Smith House, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace Smith House, Inc. as of December 31, 2021 and 2020, 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 Grace Smith House, Inc. 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 accounting principles generally accepted in the United States of America, 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 Grace Smith House, Inc.'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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 Grace Smith House, Inc.'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 Grace Smith House, Inc.'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 Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of revenue and support on pages 17 and 18 are presented for purposes of additional analysis and are 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

Newburgh, New York
June 22, 2022

Grace Smith House, Inc.

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 474,385	\$ 775,598
Investments	4,453,912	3,258,923
Accounts receivable, net	531,460	513,119
Prepaid expenses	6,030	648
Land, property and equipment, net	<u>1,877,264</u>	<u>1,917,677</u>
	<u>\$ 7,343,051</u>	<u>\$ 6,465,965</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 201,503	\$ 229,240
Deferred revenue	10,617	16,016
Security deposits payable	<u>22,402</u>	<u>14,822</u>
Total Liabilities	<u>234,522</u>	<u>260,078</u>
Net Assets		
Without donor restrictions	4,919,610	4,089,201
With donor restrictions	<u>2,188,919</u>	<u>2,116,686</u>
Total Net Assets	<u>7,108,529</u>	<u>6,205,887</u>
	<u>\$ 7,343,051</u>	<u>\$ 6,465,965</u>

Grace Smith House, Inc.

Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS			
Fees for service, net	\$ 819,510	\$ -	\$ 819,510
Government grants	1,251,984	-	1,251,984
Contributions	154,997	262,827	417,824
Special events	190,066	-	190,066
United Way	1,807	14,200	16,007
In-kind donations	81,719	-	81,719
Rental	175,636	11,996	187,632
Investment return, net	288,158	-	288,158
Miscellaneous	25,265	-	25,265
Net assets released from restrictions	216,790	(216,790)	-
Total Revenue, Support and Reclassifications	3,205,932	72,233	3,278,165
EXPENSES			
Program Services			
MLHR	774,490	-	774,490
Follow Up	278,986	-	278,986
Outreach	695,671	-	695,671
Brookhaven Apartments	222,049	-	222,049
Total Program Services	1,971,196	-	1,971,196
Supporting Services			
Management and general	299,706	-	299,706
Fundraising	104,621	-	104,621
Total Supporting Services	404,327	-	404,327
Total Expenses	2,375,523	-	2,375,523
Change in Net Assets	830,409	72,233	902,642
NET ASSETS			
Beginning of year	4,089,201	2,116,686	6,205,887
End of year	\$ 4,919,610	\$ 2,188,919	\$ 7,108,529

Grace Smith House, Inc.

Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS			
Fees for service, net	\$ 803,145	\$ -	\$ 803,145
Government grants	1,320,984	-	1,320,984
Contributions	208,997	114,818	323,815
Special events	116,378	-	116,378
United Way	10,219	11,500	21,719
In-kind donations	89,382	-	89,382
Rental	195,461	4,262	199,723
Investment return, net	188,454	-	188,454
Miscellaneous	10,247	-	10,247
Net assets released from restrictions	201,055	(201,055)	-
Total Revenue, Support and Reclassifications	3,144,322	(70,475)	3,073,847
EXPENSES			
Program Services			
MLHR	865,428	-	865,428
Follow Up	287,920	-	287,920
Outreach	823,150	-	823,150
Brookhaven Apartments	184,687	-	184,687
Total Program Services	2,161,185	-	2,161,185
Supporting Services			
Management and general	226,032	-	226,032
Fundraising	59,729	-	59,729
Total Supporting Services	285,761	-	285,761
Total Expenses	2,446,946	-	2,446,946
Change in Net Assets	697,376	(70,475)	626,901
NET ASSETS			
Beginning of year	3,391,825	2,187,161	5,578,986
End of year	\$ 4,089,201	\$ 2,116,686	\$ 6,205,887

Grace Smith House, Inc.

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services					Supporting Services			Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	Total Supporting Services	
PERSONNEL									
Salaries	\$ 370,378	\$ 198,487	\$ 335,311	\$ 73,301	\$ 977,477	\$ 233,250	\$ 65,830	\$ 299,080	\$ 1,276,557
FICA and MCTMT	27,279	14,619	24,696	5,399	71,993	17,179	4,849	22,028	94,021
Health benefits	51,549	27,625	46,669	10,202	136,045	32,464	9,162	41,626	177,671
Workers compensation/disability/NYS UI	10,775	5,774	9,754	2,132	28,435	6,785	1,915	8,700	37,135
Total Personnel Costs	<u>459,981</u>	<u>246,505</u>	<u>416,430</u>	<u>91,034</u>	<u>1,213,950</u>	<u>289,678</u>	<u>81,756</u>	<u>371,434</u>	<u>1,585,384</u>
OTHER EXPENSES									
Transportation	1,168	46	2,582	177	3,973	-	-	-	3,973
Activities	2,605	3,244	1,307	1,451	8,607	260	141	401	9,008
Contracted legal services	-	-	220,365	9,502	229,867	-	-	-	229,867
Purchased services	36,688	8,104	16,096	19,517	80,405	8,607	14,147	22,754	103,159
Food	11,354	1,325	1,699	1,093	15,471	-	-	-	15,471
Household supplies and equipment	44,597	8,682	19,534	13,496	86,309	-	2,212	2,212	88,521
Utilities	34,545	1,093	-	29,920	65,558	-	-	-	65,558
Repairs - plant	4,726	-	-	8,732	13,458	-	-	-	13,458
Repairs - equipment	-	-	-	124	124	345	-	345	469
Repairs - vehicles	1,052	-	-	-	1,052	-	-	-	1,052
Telephone and internet	6,562	385	5,621	6,556	19,124	414	208	622	19,746
Postage	153	35	70	32	290	38	2,406	2,444	2,734
Dues, licenses and permits	2,340	261	810	346	3,757	-	18	18	3,775
Office supplies	3,972	4,084	2,931	794	11,781	319	2,549	2,868	14,649
Administrative	4,047	-	-	926	4,973	-	-	-	4,973
Staff development	564	603	4,299	13	5,479	19	10	29	5,508
Employee recognition	72	24	48	17	161	26	13	39	200
Professional fees	23,034	-	-	5,274	28,308	-	-	-	28,308
Insurance	27,742	-	-	6,353	34,095	-	-	-	34,095
Depreciation	106,347	-	-	24,350	130,697	-	-	-	130,697
Client assistance	1,438	4,547	3,207	1,779	10,971	-	-	-	10,971
Public relations	195	48	672	63	978	-	1,161	1,161	2,139
Bad debt expense	1,308	-	-	500	1,808	-	-	-	1,808
Total Other Expenses	<u>314,509</u>	<u>32,481</u>	<u>279,241</u>	<u>131,015</u>	<u>757,246</u>	<u>10,028</u>	<u>22,865</u>	<u>32,893</u>	<u>790,139</u>
Total Expenses	<u>\$ 774,490</u>	<u>\$ 278,986</u>	<u>\$ 695,671</u>	<u>\$ 222,049</u>	<u>\$ 1,971,196</u>	<u>\$ 299,706</u>	<u>\$ 104,621</u>	<u>\$ 404,327</u>	<u>\$ 2,375,523</u>

Grace Smith House, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services				Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	Total Supporting Services	
PERSONNEL									
Salaries	\$ 430,708	\$ 204,414	\$ 402,923	\$ 57,845	\$ 1,095,890	\$ 176,653	\$ 33,390	\$ 210,043	\$ 1,305,933
FICA and MCTMT	31,797	15,091	29,746	4,270	80,904	13,041	2,465	15,506	96,410
Health benefits	57,646	27,359	53,928	7,742	146,675	23,643	4,469	28,112	174,787
Workers compensation/disability/NYS UI	12,840	6,094	12,012	1,724	32,670	5,266	995	6,261	38,931
Total Personnel Costs	<u>532,991</u>	<u>252,958</u>	<u>498,609</u>	<u>71,581</u>	<u>1,356,139</u>	<u>218,603</u>	<u>41,319</u>	<u>259,922</u>	<u>1,616,061</u>
OTHER EXPENSES									
Transportation	2,093	367	3,405	234	6,099	-	-	-	6,099
Activities	1,888	5,051	6,966	317	14,222	56	115	171	14,393
Contracted legal services	-	-	248,376	-	248,376	-	-	-	248,376
Purchased services	41,123	9,788	16,451	14,630	81,992	5,873	7,400	13,273	95,265
Food	15,576	1,380	2,199	2,171	21,326	12	290	302	21,628
Household supplies and equipment	40,062	8,666	25,584	10,204	84,516	-	3,249	3,249	87,765
Utilities	34,217	908	-	30,319	65,444	-	-	-	65,444
Rent	-	-	600	-	600	-	-	-	600
Repairs - plant	9,903	-	-	6,203	16,106	-	-	-	16,106
Repairs - equipment	2,243	-	-	-	2,243	639	-	639	2,882
Repairs - vehicles	1,149	-	-	696	1,845	-	-	-	1,845
Telephone and internet	7,756	696	7,432	6,140	22,024	418	104	522	22,546
Postage	367	87	144	48	646	52	6,552	6,604	7,250
Dues, licenses and permits	1,630	290	862	320	3,102	-	-	-	3,102
Office supplies	2,377	1,010	3,630	401	7,418	311	205	516	7,934
Conference	59	19	32	6	116	11	3	14	130
Administrative	815	-	-	203	1,018	-	312	312	1,330
Staff development	218	62	3,455	2,505	6,240	37	9	46	6,286
Employee recognition	103	33	55	10	201	20	5	25	226
Professional fees	23,141	-	-	5,275	28,416	-	-	-	28,416
Insurance	26,519	-	-	6,595	33,114	-	-	-	33,114
Depreciation	94,450	-	-	23,487	117,937	-	-	-	117,937
Client assistance	709	5,283	5,156	1,055	12,203	-	-	-	12,203
Public relations	201	1,322	194	64	1,781	-	166	166	1,947
Bad debt expense	25,838	-	-	-	25,838	-	-	-	25,838
Loss on disposal of land, property and equipment	-	-	-	2,223	2,223	-	-	-	2,223
Total Other Expenses	<u>332,437</u>	<u>34,962</u>	<u>324,541</u>	<u>113,106</u>	<u>805,046</u>	<u>7,429</u>	<u>18,410</u>	<u>25,839</u>	<u>830,885</u>
Total Expenses	<u>\$ 865,428</u>	<u>\$ 287,920</u>	<u>\$ 823,150</u>	<u>\$ 184,687</u>	<u>\$ 2,161,185</u>	<u>\$ 226,032</u>	<u>\$ 59,729</u>	<u>\$ 285,761</u>	<u>\$ 2,446,946</u>

Grace Smith House, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 902,642	\$ 626,901
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	130,697	117,937
Bad debt expense	1,808	25,838
Loss on disposal of land, property and equipment	-	2,223
Realized and unrealized gains on investments	(241,809)	(142,762)
Changes in operating assets and liabilities		
Accounts receivable	(20,149)	240,058
Prepaid expenses	(5,382)	961
Accounts payable and accrued expenses	(27,737)	(13,409)
Deferred revenue	(5,399)	6,488
Security deposits payable	7,580	1,306
Net Cash from Operating Activities	<u>742,251</u>	<u>865,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	289,890	970,509
Purchase of investments	(1,243,070)	(1,176,166)
Purchase of land, property and equipment	(90,284)	(101,013)
Net Cash from Investing Activities	<u>(1,043,464)</u>	<u>(306,670)</u>
 Net Change in Cash and Cash Equivalents	(301,213)	558,871
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>775,598</u>	<u>216,727</u>
 End of year	<u>\$ 474,385</u>	<u>\$ 775,598</u>

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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 enable 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 a collaboration with the local center for the prevention of child abuse to assist victims of domestic violence wherever they need services. 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. Future plans for the Organization include the possibility of building and / or expansion of new shelter facilities. 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.

2. Summary of Significant Accounting Policies

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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Financial Statement 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.

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.

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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Fees for Service

Fees for service revenue consist primarily of funding from the Department of Community and Family Services (“DCFS”). Payments are generally paid based upon per diem county rates for the number of bed nights provided.

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.

In-kind Donations

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.

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.

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.

Fair Value of Financial Instruments

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.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Accounts Receivable and Allowance for Doubtful Accounts (continued)

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to fees for service revenue in the period of change. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in collectability (determined on a portfolio basis, when applicable) are recorded as provision for bad debt.

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 accounts receivable.

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 which range from 3-40 years. 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.

Deferred Revenue

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

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on the basis of estimates of time and effort and contracted legal services, purchased services and the other expenses are allocated based on purpose and function. Depreciation is allocated based on square footage. Such allocations are determined by management.

Advertising

The Organization uses advertising to promote its programs among the population it serves. All costs associated with advertising are expensed in the year incurred, which approximated \$0 and \$200 in 2021 and 2020.

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, 2018.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies *(continued)*

Reclassifications

Certain amounts for 2020 have been reclassified to conform with the 2021 financial statement presentation. These reclassifications have no effect on net assets.

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 22, 2022.

3. Liquidity and Availability

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.

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

	<u>2021</u>	<u>2020</u>
Total assets	\$ 7,343,051	\$ 6,465,965
Less		
Prepaid expenses	6,030	648
Net assets with donor restrictions	2,188,919	2,116,686
Land, property and equipment, net	<u>1,877,264</u>	<u>1,917,677</u>
Financial Assets Available Within One Year	<u>\$ 3,270,838</u>	<u>\$ 2,430,954</u>

4. Investments and Investment Return

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

	<u>2021</u>	<u>2020</u>
Quoted Price In Active Market for Identical Assets (Level 1)		
Common stock	\$ 1,037,724	\$ 1,050,752
Mutual funds	217,186	-
Exchange traded funds	<u>2,639,502</u>	<u>1,206,918</u>
	3,894,412	2,257,670
Cash and cash equivalents	<u>559,500</u>	<u>1,001,253</u>
	<u>\$ 4,453,912</u>	<u>\$ 3,258,923</u>

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

4. Investments and Investment Return (continued)

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 62,678	\$ 58,292
Unrealized gain, net	209,859	135,141
Realized gains, net	31,950	7,621
Investment fees	<u>(16,329)</u>	<u>(12,600)</u>
	<u>\$ 288,158</u>	<u>\$ 188,454</u>

5. Accounts Receivable, net

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

	<u>2021</u>	<u>2020</u>
Grants	\$ 398,027	\$ 382,911
DCFS per diem services	183,017	187,230
Rents	9,416	2,058
Donations	1,000	-
Other	<u>-</u>	<u>920</u>
	591,460	573,119
Allowance for doubtful accounts	<u>(60,000)</u>	<u>(60,000)</u>
	<u>\$ 531,460</u>	<u>\$ 513,119</u>

6. Land, Property and Equipment, net

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

	<u>2021</u>	<u>2020</u>
Land	\$ 330,775	\$ 250,275
Buildings and building improvements	3,174,718	3,164,934
Furniture and equipment	278,191	279,806
Transportation equipment	80,424	80,424
Construction in progress	<u>504,667</u>	<u>504,667</u>
	4,368,775	4,280,106
Accumulated depreciation	<u>(2,491,511)</u>	<u>(2,362,429)</u>
	<u>\$ 1,877,264</u>	<u>\$ 1,917,677</u>

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

7. Line of Credit

The Organization maintains a line of credit agreement with a bank in the amount of \$125,000 which matures on July 31, 2022 and is expected to be renewed upon maturity. 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% (4.75% at December 31, 2021 and 5.75% at December 31, 2020). There was no outstanding balance as of December 31, 2021 and 2020. 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.

8. Net Assets

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

	<u>2021</u>	<u>2020</u>
Acquisition or construction of a shelter	\$ 1,000,000	\$ 1,000,000
Time or program restricted for programs, operations and capital projects	<u>1,188,919</u>	<u>1,116,686</u>
	<u>\$ 2,188,919</u>	<u>\$ 2,116,686</u>

As of December 31, 2021 and 2020, the Organization has spent approximately \$505,000 towards construction of a new shelter. The corresponding funds will be released from net assets with donor restrictions once the shelter is placed into service.

Net assets were released from restriction for the following purposes for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Time or program restricted for programs, operations and capital projects	<u>\$ 216,790</u>	<u>\$ 201,055</u>

9. Retirement Plan

The Organization maintains a profit sharing retirement plan (the "Plan") that is an employer contribution only plan. 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. The Organization did not make a retirement contribution for the years ended December 31, 2021 and 2020.

10. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents and receivables. At times, cash balances held at financial institutions may be in excess of federally insured limits.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

10. Concentrations of Credit Risk *(continued)*

The Organization has not experienced any losses on its cash deposits and believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents or receivables. The Organization receives a substantial amount of its support from governmental agencies. A significant reduction in the level of this support, if this were to occur, may have an effect on the programs and activities.

11. Related Party Transactions

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

12. Risks and Uncertainties

The Organization's operations have been affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitation on the conduct of business. As a domestic violence service provider, the Organization is deemed an essential business and had no government mandated restrictions on operations.

COVID-19 and other market factors has also resulted 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.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the changes in net assets, financial position and cash flows in 2022 cannot be reasonably estimated at this time.

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Grace Smith House, Inc.

Supplemental Information

December 31, 2021 and 2020

Grace Smith House, Inc.
Supplemental Schedule of Revenue and Support
Year Ended December 31, 2021

	Program Services				Total Program Services	Management and General	Fundraising	Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments				
REVENUE AND SUPPORT								
Fees for service, net	\$ 819,510	\$ -	\$ -	\$ -	\$ 819,510	\$ -	\$ -	\$ 819,510
Government grants	189,016	263,427	598,940	162,424	1,213,807	38,177	-	1,251,984
Contributions	-	-	-	-	-	-	417,824	417,824
Special events	-	-	-	-	-	-	190,066	190,066
United Way	4,761	5,540	4,165	491	14,957	1,050	-	16,007
In-kind donations	38,842	9,155	20,809	12,163	80,969	-	750	81,719
Rental	-	-	-	187,632	187,632	-	-	187,632
Investment return, net	127,979	33,403	75,923	44,373	281,678	6,480	-	288,158
Miscellaneous	-	-	-	-	-	25,265	-	25,265
Total Revenue and Support	<u>\$ 1,180,108</u>	<u>\$ 311,525</u>	<u>\$ 699,837</u>	<u>\$ 407,083</u>	<u>\$ 2,598,553</u>	<u>\$ 70,972</u>	<u>\$ 608,640</u>	<u>\$ 3,278,165</u>

Grace Smith House, Inc.
Supplemental Schedule of Revenue and Support
Year Ended December 31, 2020

	Program Services							Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	
REVENUE AND SUPPORT								
Fees for service, net	\$ 803,145	\$ -	\$ -	\$ -	\$ 803,145	\$ -	\$ -	\$ 803,145
Government grants	138,363	274,656	796,573	87,426	1,297,018	23,966	-	1,320,984
Contributions	-	-	-	-	-	-	323,815	323,815
Special events	-	-	-	-	-	-	116,378	116,378
United Way	1,078	4,203	14,467	946	20,694	1,025	-	21,719
In-kind donations	33,251	9,273	27,772	10,408	80,704	-	8,678	89,382
Rental	-	-	-	199,723	199,723	-	-	199,723
Investment return, net	76,320	22,250	63,950	23,276	185,796	2,658	-	188,454
Miscellaneous	-	-	-	-	-	10,247	-	10,247
Total Revenue and Support	<u>\$ 1,052,157</u>	<u>\$ 310,382</u>	<u>\$ 902,762</u>	<u>\$ 321,779</u>	<u>\$ 2,587,080</u>	<u>\$ 37,896</u>	<u>\$ 448,871</u>	<u>\$ 3,073,847</u>