

Grace Smith House, Inc.

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

Board of Directors Grace Smith House, Inc.

We have audited the accompanying financial statements of the Grace Smith House, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2018 and 2017, 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 audit 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 the Grace Smith House, Inc. as of December 31, 2018 and 2017 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018 the Organization adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

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 26, 2019

Grace Smith House, Inc.
Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 418,180	\$ 364,324
Investments	2,406,356	2,370,480
Accounts receivable, net	732,407	349,444
Prepaid expenses	4,059	56
Land, property and equipment, net	1,813,822	1,815,919
	\$ 5,374,824	\$ 4,900,223
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 353,859	\$ 146,775
Deferred revenue	12,681	12,916
Security deposits payable	13,746	14,296
Total Liabilities	380,286	173,987
Net Assets		
Without donor restrictions	3,299,774	3,016,320
With donor restrictions	1,694,764	1,709,916
Total Net Assets	4,994,538	4,726,236
	\$ 5,374,824	\$ 4,900,223

Grace Smith House, Inc.
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fees for service	\$ 821,944	\$ 2,418	\$ 824,362
Government grants	1,149,965	-	1,149,965
Contributions	291,863	475	292,338
Special events	255,925	-	255,925
United Way	50,970	10,000	60,970
In-kind donations	165,804	-	165,804
Rental	168,671	-	168,671
Investment return, net	(35,045)	-	(35,045)
Net assets released from restrictions	<u>28,045</u>	<u>(28,045)</u>	<u>-</u>
Total Revenue and Support	<u>2,898,142</u>	<u>(15,152)</u>	<u>2,882,990</u>
EXPENSES			
Program Services			
MLHR	779,214	-	779,214
Follow Up	321,679	-	321,679
Outreach	967,166	-	967,166
Brookhaven apartments	<u>171,620</u>	<u>-</u>	<u>171,620</u>
Total Program Services	2,239,679	-	2,239,679
Supporting Services			
Management and general	239,563	-	239,563
Fundraising	<u>135,446</u>	<u>-</u>	<u>135,446</u>
Total Supporting Services	<u>375,009</u>	<u>-</u>	<u>375,009</u>
Total Expenses	<u>2,614,688</u>	<u>-</u>	<u>2,614,688</u>
Change in Net Assets	283,454	(15,152)	268,302
NET ASSETS			
Beginning of year	<u>3,016,320</u>	<u>1,709,916</u>	<u>4,726,236</u>
End of year	<u>\$ 3,299,774</u>	<u>\$ 1,694,764</u>	<u>\$ 4,994,538</u>

Grace Smith House, Inc.
Statement of Activities
Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fees for service	\$ 646,501	\$ 3,269	\$ 649,770
Government grants	770,021	-	770,021
Contributions	116,535	19,504	136,039
Special events	213,197	-	213,197
United Way	48,052	15,000	63,052
In-kind donations	146,828	-	146,828
Rental	161,674	-	161,674
Investment return, net	163,851	-	163,851
Miscellaneous	34,391	-	34,391
Net assets released from restrictions	234,652	(234,652)	-
Total Revenue and Support	2,535,702	(196,879)	2,338,823
EXPENSES			
Program Services			
MLHR	748,002	-	748,002
NER	45,569	-	45,569
Follow Up	273,128	-	273,128
Outreach	774,404	-	774,404
Brookhaven apartments	164,486	-	164,486
Total Program Services	2,005,589	-	2,005,589
Supporting Services			
Management and general	286,335	-	286,335
Fundraising	147,754	-	147,754
Total Supporting Services	434,089	-	434,089
Total Expenses	2,439,678	-	2,439,678
Change in Net Assets	96,024	(196,879)	(100,855)
NET ASSETS			
Beginning of year	2,920,296	1,906,795	4,827,091
End of year	\$ 3,016,320	\$ 1,709,916	\$ 4,726,236

Grace Smith House, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services					Supporting Services			
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total	Management and General	Fundraising	Total	Total
PERSONNEL									
Salaries	\$ 353,261	\$ 207,746	\$ 468,262	\$ 49,527	\$ 1,078,796	\$ 188,101	\$ 29,126	\$ 217,227	\$ 1,296,023
FICA and MCTMT	25,846	15,200	34,260	3,624	78,930	13,760	2,131	15,891	94,821
Health benefits	45,253	26,612	59,985	6,344	138,194	24,096	3,731	27,827	166,021
Workers compensation/disability/NYS UI	13,466	7,918	17,849	1,888	41,121	7,170	1,110	8,280	49,401
Total Personnel Costs	437,826	257,476	580,356	61,383	1,337,041	233,127	36,098	269,225	1,606,266
OTHER THAN PERSONNEL COSTS									
Transportation	4,098	1,014	9,237	137	14,486	-	256	256	14,742
Activities	2,189	26,078	23,247	241	51,755	384	526	910	52,665
Contracted legal services	-	-	266,232	-	266,232	-	-	-	266,232
Purchased services	34,341	12,727	27,359	15,754	90,181	4,773	5,992	10,765	100,946
Food	18,432	817	-	1,325	20,574	262	81	343	20,917
Household supplies and equipment	13,805	301	673	1,164	15,943	-	-	-	15,943
Utilities	37,688	-	-	28,968	66,656	-	-	-	66,656
Repairs - plant	1,971	-	-	5,923	7,894	-	-	-	7,894
Repairs - equipment	831	-	-	2,144	2,975	168	-	168	3,143
Repairs - vehicles	2,975	-	-	-	2,975	-	-	-	2,975
Telephone and internet	6,860	730	6,785	5,529	19,904	274	68	342	20,246
Postage	284	177	247	27	735	47	341	388	1,123
Dues, licenses and permits	2,201	335	967	223	3,726	-	-	-	3,726
Office supplies	3,917	2,354	3,568	384	10,223	361	375	736	10,959
Conference	75	175	230	-	480	-	-	-	480
Administrative	3,249	-	-	665	3,914	-	-	-	3,914
Staff development	694	2,725	7,279	88	10,786	99	1,434	1,533	12,319
Employee recognition	353	232	314	39	938	68	17	85	1,023
Professional fees	28,019	-	-	7,520	35,539	-	-	-	35,539
Insurance	26,795	-	-	5,483	32,278	-	-	-	32,278
Depreciation	85,179	-	-	17,428	102,607	-	-	-	102,607
Client assistance	5,290	3,489	2,621	1,225	12,625	-	-	-	12,625
Loss on disposal of assets	-	-	-	1,549	1,549	-	-	-	1,549
Public relations	657	205	914	137	1,913	-	4,923	4,923	6,836
Fundraising	-	-	-	-	-	-	35,179	35,179	35,179
In-kind donations	41,314	12,844	37,137	8,569	99,864	-	50,156	50,156	150,020
Bad debt expense	20,171	-	-	5,715	25,886	-	-	-	25,886
Total Other Expenses	341,388	64,203	386,810	110,237	902,638	6,436	99,348	105,784	1,008,422
Total Expenses	\$ 779,214	\$ 321,679	\$ 967,166	\$ 171,620	\$ 2,239,679	\$ 239,563	\$ 135,446	\$ 375,009	\$ 2,614,688

Grace Smith House, Inc.
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services					Supporting Services				
	MLHR	NER	Follow Up	Outreach	Brookhaven Apartments	Total	Management and General	Fundraising	Total	Total
PERSONNEL										
Salaries	\$ 342,756	\$ -	\$ 177,694	\$ 386,353	\$ 54,771	\$ 961,574	\$ 197,051	\$ 39,065	\$ 236,116	\$ 1,197,690
FICA and MCTMT	24,874	-	12,895	28,038	3,975	69,782	14,300	2,835	17,135	86,917
Health benefits	42,952	-	22,267	48,415	6,864	120,498	24,693	4,895	29,588	150,086
Workers compensation/disability/NYS UI	18,499	-	9,590	20,852	2,956	51,897	10,635	2,108	12,743	64,640
Total Personnel Costs	429,081	-	222,446	483,658	68,566	1,203,751	246,679	48,903	295,582	1,499,333
OTHER THAN PERSONNEL COSTS										
Transportation	2,166	-	790	7,932	100	10,988	-	348	348	11,336
Activities	2,647	-	18,041	21,380	328	42,396	657	173	830	43,226
Contracted legal services	-	-	-	162,683	-	162,683	-	-	-	162,683
Purchased services	38,652	4,604	10,381	26,817	16,653	97,107	7,038	4,855	11,893	109,000
Food	9,909	-	666	-	-	10,575	639	-	639	11,214
Household supplies and equipment	8,448	-	207	600	1,013	10,268	-	-	-	10,268
Utilities	35,105	3,159	-	610	25,753	64,627	-	-	-	64,627
Repairs - plant	8,794	-	-	-	7,032	15,826	-	-	-	15,826
Repairs - equipment	2,134	-	-	-	3,341	5,475	369	-	369	5,844
Repairs - vehicles	2,074	-	-	-	768	2,842	-	-	-	2,842
Telephone and internet	7,056	484	568	6,777	5,466	20,351	385	110	495	20,846
Postage	554	-	294	278	45	1,171	90	120	210	1,381
Dues, licenses and permits	2,171	-	-	120	362	2,653	-	-	-	2,653
Office supplies	2,622	-	703	6,337	244	9,906	339	294	633	10,539
Conference	348	-	5,563	965	26	6,902	52	13	65	6,967
Administrative	7,440	-	-	411	1,241	9,092	-	-	-	9,092
Staff development	1,166	-	698	5,652	149	7,665	297	74	371	8,036
Employee recognition	45	-	17	36	6	104	12	3	15	119
Professional fees	19,955	-	-	783	2,364	23,102	-	-	-	23,102
Insurance	18,706	8,394	-	1,496	4,518	33,114	-	-	-	33,114
Depreciation	56,727	28,928	-	4,520	13,695	103,870	-	-	-	103,870
Client assistance	1,008	-	3,146	8,081	761	12,996	-	-	-	12,996
Loss on disposal of assets	-	-	-	-	-	-	29,778	-	29,778	29,778
Public relations	948	-	240	1,579	221	2,988	-	2,826	2,826	5,814
Fundraising	-	-	-	-	-	-	-	35,973	35,973	35,973
In-kind donations	38,336	-	9,368	33,689	8,649	90,042	-	54,062	54,062	144,104
Bad debt expense	51,910	-	-	-	3,185	55,095	-	-	-	55,095
Total Other Expenses	318,921	45,569	50,682	290,746	95,920	801,838	39,656	98,851	138,507	940,345
Total Expenses	\$ 748,002	\$ 45,569	\$ 273,128	\$ 774,404	\$ 164,486	\$ 2,005,589	\$ 286,335	\$ 147,754	\$ 434,089	\$ 2,439,678

Grace Smith House, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 268,302	\$ (100,855)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	102,607	103,870
Bad debt expense	25,886	55,095
Loss (gain) on disposal of assets	-	(4,141)
Realized and unrealized loss (gains) on investments	81,978	(125,745)
Changes in operating assets and liabilities		
Accounts receivable	(408,849)	222,916
Prepaid expenses	(4,003)	307
Accounts payable and accrued expenses	207,084	(109,035)
Deferred revenue	(235)	(6,338)
Security deposits payable	(550)	1,896
Net Cash from Operating Activities	<u>272,220</u>	<u>37,970</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,277,128	293,307
Purchase of investments	(1,394,982)	(377,101)
Purchase of property and equipment, net	(100,510)	(65,900)
Proceeds from sale of property and equipment	-	137,605
Proceeds from sale of assets held for sale	-	<u>240,222</u>
Net Cash from Investing Activities	<u>(218,364)</u>	<u>228,133</u>
Net Change in Cash and Cash Equivalents	53,856	266,103
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>364,324</u>	<u>98,221</u>
End of year	<u>\$ 418,180</u>	<u>\$ 364,324</u>

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Taxation

Grace Smith House, Inc. (the "Organization") is a not-for-profit organization incorporated in New York State in 1981. Grace Smith House provides a full spectrum of assistive services for victims of domestic violence and their minor children, including a 365/24/7 crisis hotline, the Mary Lou Heissenbuttel Residence ("MLHR") (a twenty-five bed shelter) and non-residential services which include counseling, advocacy, legal services, children's programming, 15 units of transitional housing, and prevention education programs. Grace Smith House has advocates embedded in Dutchess County Family Court, CPS offices, and provides an advocate to collaborate with the local child advocacy center to assist victims of domestic violence wherever they need services. The Healthy Teen program has presented information about safe, healthy teen relationships in all 13 school districts of Dutchess County, and community education outreach efforts cover medical personnel, local churches, colleges, fraternal organizations, clubs, and community events. In 2016, the Grace Smith House closed a 10 bed shelter, and plans to replace it with a new 20 bed shelter which will offer modern facilities in a location more convenient to provided services. All services are based on an empowerment philosophy, and conducted in a trauma informed manner.

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.

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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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

Financial Statement Presentation (continued)

With donor restrictions – represent amounts 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 operations and changes in net assets 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.

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial assets accordingly.

Revenue Recognition

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

Government grants are third-party reimbursement contracts for specific programs. Revenue is recognized when the service is provided and the corresponding expense is incurred.

Contributions

Contributions are recorded as net assets with donor restrictions and revenue and support if they are received with donor imposed restrictions that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. 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 donor restrictions.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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

In-kind Donations

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

Donated materials, equipment, consumables and food needed and used in operations are reflected in the statements of activities and corresponding statement of functional expenses at their estimated fair values at the date of receipt.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on the basis of estimates of time and effort or purpose and function. Such allocations are determined by management.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, at the time of purchase, to be cash equivalents.

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.

Investment Income Valuation and Recognition

Investments are measured at fair value. 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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

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. 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. As of December 31, 2018 and 2017, the allowance for doubtful accounts amounted to \$60,000.

Land, Property and Equipment

Land, property and equipment purchases over \$500 with useful lives greater than two years 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.

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 \$2,800 and \$800 in 2018 and 2017.

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, 2015.

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 26, 2019.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

3. Liquidity and Availability

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

	<u>2018</u>	<u>2017</u>
Total assets	\$ 5,374,824	\$ 4,900,223
Less:		
Prepaid expenses	4,059	56
Net assets with donor restrictions	1,694,764	1,709,916
Land, property and equipment, net	<u>1,813,822</u>	<u>1,815,919</u>
Financial Assets Available Within One Year	<u>\$ 1,862,179</u>	<u>\$ 1,374,332</u>

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 multiyear 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.

4. Investments and Investment Return

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

	<u>2018</u>	<u>2017</u>
Investments at Fair Value Using Level 1 Inputs		
Common stock	\$ 678,541	\$ 725,803
Exchange traded funds	<u>1,232,299</u>	<u>1,282,402</u>
Total Investments at Fair Value Using Level 1 Inputs	1,910,840	2,008,205
Cash equivalents	<u>495,516</u>	<u>362,275</u>
Total Investments	<u>\$ 2,406,356</u>	<u>\$ 2,370,480</u>

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Investments and Investment Return (continued)

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

	2018	2017
Interest and dividends	\$ 58,071	\$ 48,707
Unrealized (loss) gain, net	(90,595)	119,573
Realized gains, net	8,617	6,172
Investment fees	(11,138)	(10,601)
	\$ (35,045)	\$ 163,851

5. Accounts Receivable

Accounts receivable consists of the following at December 31:

	2018	2017
Grants	\$ 581,294	\$ 310,561
DSS per diem services	199,236	89,539
Rents	9,065	4,344
Donations	2,812	5,000
	792,407	409,444
Allowance for doubtful accounts	(60,000)	(60,000)
	\$ 732,407	\$ 349,444

6. Land, Property and Equipment

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

	2018	2017
Land	\$ 250,275	\$ 250,275
Buildings and building improvements	2,952,244	2,905,648
Furniture and equipment	244,456	191,650
Transportation equipment	49,883	51,122
Construction in progress	529,895	529,895
	4,026,753	3,928,590
Accumulated depreciation	(2,212,931)	(2,112,671)
	\$ 1,813,822	\$ 1,815,919

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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, 2019 and will 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% (5.50% at December 31, 2018 and 5.75% at December 31, 2017). 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 purpose at December 31:

	<u>2018</u>	<u>2017</u>
Acquisition or construction of a shelter	\$ 633,000	\$ 633,000
Time restricted for programs, operations and capital projects	1,000,342	1,016,545
Shelter programs	<u>61,422</u>	<u>60,371</u>
	<u>\$ 1,694,764</u>	<u>\$ 1,709,916</u>

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

	<u>2018</u>	<u>2017</u>
Acquisition or construction of a shelter	\$ -	\$ 32,694
Time restricted for programs, operations and capital projects	16,203	111,310
Shelter programs	<u>11,842</u>	<u>90,648</u>
	<u>\$ 28,045</u>	<u>\$ 234,652</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' salary. The percentage is determined annually by the Organization's Board of Directors. The Organization did not make a retirement contribution for the years ended December 31, 2018 and 2017.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

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, investments and receivables. At times, cash balances held at financial institutions may be in excess of federally insured limits. 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, investments 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 Board Members in their respective businesses. These services are conducted as part of the normal course of business.

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Grace Smith House, Inc.

Supplemental Information

December 31, 2018 and 2017

Grace Smith House, Inc.
 Supplemental Schedule of Revenue and Support
 Year Ended December 31, 2018

	Program Services					Total	Management and General	Fundraising	Total
	MLHR	NER	Follow Up	Outreach	Brookhaven Apartments				
REVENUE AND SUPPORT									
Fees for service	\$ 824,362	\$ -	\$ -	\$ -	\$ -	\$ 824,362	\$ -	\$ -	\$ 824,362
Government grants	59,943	-	266,951	785,553	19,576	1,132,023	17,942	-	1,149,965
Contributions	-	-	-	-	-	-	-	292,338	292,338
Special events	-	-	-	-	-	-	-	255,925	255,925
United Way	6,253	-	18,534	34,121	1,013	59,921	1,049	-	60,970
In-kind donations	41,628	-	12,942	37,421	23,658	115,649	-	50,155	165,804
Rental	-	-	-	-	168,671	168,671	-	-	168,671
Investment return, net	(14,165)	-	(4,517)	(13,061)	(3,014)	(34,757)	(288)	-	(35,045)
Total Revenue and Support	<u>\$ 918,021</u>	<u>\$ -</u>	<u>\$ 293,910</u>	<u>\$ 844,034</u>	<u>\$ 209,904</u>	<u>\$ 2,265,869</u>	<u>\$ 18,703</u>	<u>\$ 598,418</u>	<u>\$ 2,882,990</u>

Grace Smith House, Inc.
Supplemental Schedule of Revenue and Support
Year Ended December 31, 2017

	Program Services						Management and General	Fundraising	Total
	MLHR	NER	Follow Up	Outreach	Brookhaven Apartments	Total			
REVENUE AND SUPPORT									
Fees for service	\$ 649,770	\$ -	\$ -	\$ -	\$ -	\$ 649,770	\$ -	\$ -	\$ 649,770
Government grants	63,493	-	127,452	570,683	2,452	764,080	5,941	-	770,021
Contributions	-	-	-	-	-	-	-	136,039	136,039
Special events	-	-	-	-	-	-	-	213,197	213,197
United Way	2,474	-	13,569	44,339	1,159	61,541	1,511	-	63,052
In-kind donations	39,474	-	9,655	34,723	8,914	92,766	-	54,062	146,828
Rental	-	-	-	-	161,674	161,674	-	-	161,674
Investment return, net	67,850	-	17,286	62,166	15,959	163,261	590	-	163,851
Miscellaneous	-	33,920	-	-	-	33,920	471	-	34,391
Total Revenue and Support	\$ 823,061	\$ 33,920	\$ 167,962	\$ 711,911	\$ 190,158	\$ 1,927,012	\$ 8,513	\$ 403,298	\$ 2,338,823