

**EVERYONE HOME DC**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2023 and 2022**

**EVERYONE HOME DC**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Everyone Home DC

### **Opinion**

We have audited the accompanying financial statements of Everyone Home DC (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, 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 Everyone Home DC as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Everyone Home DC 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 Everyone Home DC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if

there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Everyone Home DC'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 Everyone Home DC'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.

*Luxemburg + Bronfin, LLC*

Baltimore, Maryland  
November 6, 2024

**EVERYONE HOME DC**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	ASSETS	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 1,854,803	\$ 1,179,749
Grants receivable	859,969	792,089
Accounts receivable - other	3,290	2,571
Prepaid expenses	10,924	32,660
Total current assets	2,728,986	2,007,069
Other assets		
Security deposits	17,961	17,961
Investments	2,169,236	161,907
Right-of-use operating lease assets, net	876,522	1,062,838
Total other assets	3,063,719	1,242,706
Fixed assets		
Property and equipment	510,721	504,349
Less accumulated depreciation	(313,168)	(297,230)
Total fixed assets	197,553	207,119
Total assets	\$ 5,990,258	\$ 3,456,894
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 38,941	\$ 18,644
Accrued payroll	215,356	126,168
Operating lease liabilities, current portion	201,086	201,086
Total current liabilities	455,383	345,898
Long-term liabilities		
Operating lease liabilities, less current portion	753,495	940,105
Net assets		
Without donor restrictions	2,248,380	2,110,891
With donor restrictions	2,533,000	60,000
Total net assets	4,781,380	2,170,891
Total liabilities and net assets	\$ 5,990,258	\$ 3,456,894

See notes to financial statements

**EVERYONE HOME DC**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2022 and 2021**

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Contributions	\$ 335,593	\$ 2,533,000	\$ 2,868,593	\$ 340,718	\$ 60,000	\$ 400,718
Grants	4,177,635	-	4,177,635	3,090,653	-	3,090,653
In-kind contributions	124,317	-	124,317	88,304	-	88,304
Fundraising income, net	65,334	-	65,334	54,049	-	54,049
Interest and dividend income	24,463	-	24,463	3,615	-	3,615
Net assets released from restrictions	60,000	(60,000)	-	57,500	(57,500)	-
Total support and revenue, net	<u>4,787,342</u>	<u>2,473,000</u>	<u>7,260,342</u>	<u>3,634,839</u>	<u>2,500</u>	<u>3,637,339</u>
Functional expenses						
Program services	4,166,657	-	4,166,657	3,154,941	-	3,154,941
Support services						
Management and general	435,496	-	435,496	203,629	-	203,629
Fundraising	47,700	-	47,700	39,789	-	39,789
Total functional expenses	<u>4,649,853</u>	<u>-</u>	<u>4,649,853</u>	<u>3,398,359</u>	<u>-</u>	<u>3,398,359</u>
Change in net assets	137,489	2,473,000	2,610,489	236,480	2,500	238,980
Net assets						
Beginning of year	<u>2,110,891</u>	<u>60,000</u>	<u>2,170,891</u>	<u>1,874,411</u>	<u>57,500</u>	<u>1,931,911</u>
End of year	<u>\$ 2,248,380</u>	<u>\$ 2,533,000</u>	<u>\$ 4,781,380</u>	<u>\$ 2,110,891</u>	<u>\$ 60,000</u>	<u>\$ 2,170,891</u>

See notes to financial statements

**EVERYONE HOME DC**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program Services					Supporting Services			
	Rapid Rehousing Program (RRH) Services	Shelter Plus Care (SPC) and ADA Units	SP/OUTR	Homelessness Prevention (HPP)	PSH	Total Program Services	General & Administrative	Fundraising	Total
Functional Expenses									
Personnel Costs									
Salaries	\$ 806,956	\$ 255,108	\$ 273,361	\$ 494,235	\$ 369,963	\$ 2,199,623	\$ 236,878	\$ 43,363	\$ 2,479,864
Payroll Taxes	61,668	19,123	18,657	42,032	23,277	164,757	31,134	4,336	200,227
Workers Comp and ERISA	5,285	1,889	2,083	4,041	2,526	15,824	1,475	-	17,299
Fringe Benefits	66,957	35,833	8,188	29,271	19,989	160,238	33,331	-	193,569
Payroll Processing	554	106	247	269	257	1,433	4,855	-	6,288
<b>Total Personnel Costs</b>	<b>941,420</b>	<b>312,059</b>	<b>302,536</b>	<b>569,848</b>	<b>416,012</b>	<b>2,541,875</b>	<b>307,672</b>	<b>47,700</b>	<b>2,897,247</b>
Background/Drug screens	1,131	238	704	1,196	910	4,179	976	-	5,155
Client Assistance	82,192	40,819	35,076	1,005,386	24,359	1,187,832	-	-	1,187,832
Day Center Repairs	-	-	24,348	-	-	24,348	190	-	24,538
Staff Cell Phones	7,935	1,111	2,606	7,729	2,784	22,165	3,405	-	25,570
Utilities	-	-	7,220	-	-	7,220	-	-	7,220
Staff Transportation	982	155	110	17	1,070	2,334	-	-	2,334
Accounting	17,601	6,657	8,475	18,343	11,929	63,005	1,479	-	64,484
Computer and Office Equipment	8,118	2,047	2,958	7,756	14,116	34,995	6,571	-	41,566
Depreciation	-	-	14,362	59	-	14,421	1,517	-	15,938
Insurance	8,522	1,808	2,583	6,715	3,874	23,502	5,291	-	28,793
Office Space	30,163	30,163	-	140,466	-	200,792	-	-	200,792
Office Supplies	756	673	1,224	1,434	882	4,969	2,697	-	7,666
Professional Consultants	5,642	1,050	1,513	3,374	2,870	14,449	64,738	-	79,187
Professional Development	618	263	285	710	570	2,446	8,224	-	10,670
Staff Expenses	2,279	50	718	1,312	949	5,308	9,890	-	15,198
Telecommunications	4,258	1,175	2,378	3,037	1,969	12,817	1,611	-	14,428
Donor Stewardship	-	-	-	-	-	-	11,907	-	11,907
Marketing and Communications	-	-	-	-	-	-	9,328	-	9,328
<b>Total Functional Expenses</b>	<b>\$ 1,111,617</b>	<b>\$ 398,268</b>	<b>\$ 407,096</b>	<b>\$ 1,767,382</b>	<b>\$ 482,294</b>	<b>\$ 4,166,657</b>	<b>\$ 435,496</b>	<b>\$ 47,700</b>	<b>\$ 4,649,853</b>

See notes to financial statements

**EVERYONE HOME DC**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	Program Services								Supporting Services			
	Rapid Rehousing Program (RRH) Services	"Shirley's Place" Day Hospitality (SP/SFH) Services	Shelter Plus Care (SPC)	Street Outreach	ADA Units	Homelessness Prevention (HPP)	Community Engagement	PSH	Total Program Services	General & Administrative	Fundraising	Total
Functional Expenses												
Personnel Costs												
Salaries	\$ 458,296	\$ 193,335	\$ 161,937	\$ 21,993	\$ 67,180	\$ 472,819	\$ 14,026	\$ 34,815	\$ 1,424,401	\$ 62,286	\$ 36,172	\$ 1,522,859
Payroll Taxes	35,244	14,548	12,352	2,721	5,204	35,846	1,217	1,571	108,703	11,114	3,617	123,434
Workers Comp and ERISA	3,320	1,206	1,505	423	802	3,529	241	-	11,026	650	-	11,676
Fringe Benefits	28,094	16,768	12,829	411	-	31,439	6,605	1,960	98,106	26,351	-	124,457
Payroll Processing	230	-	-	-	-	-	-	-	230	5,522	-	5,752
<b>Total Personnel Costs</b>	<b>525,184</b>	<b>225,857</b>	<b>188,623</b>	<b>25,548</b>	<b>73,186</b>	<b>543,633</b>	<b>22,089</b>	<b>38,346</b>	<b>1,642,466</b>	<b>105,923</b>	<b>39,789</b>	<b>1,788,178</b>
Background/Drug screens	1,235	213	349	7	440	711	331	252	3,538	446	-	3,984
Client Assistance	74,645	104,289	23,768	1,576	3,954	878,465	-	-	1,086,697	-	-	1,086,697
Day Center Repairs	-	23,835	-	-	-	-	-	-	23,835	-	-	23,835
Day Center Supplies	-	3,301	-	-	-	-	-	-	3,301	280	-	3,581
Program Consultants	14,674	-	-	-	-	-	-	-	14,674	-	-	14,674
Staff Cell Phones	4,520	1,523	1,413	1,082	208	4,713	754	774	14,987	1,500	-	16,487
Utilities	-	6,532	-	-	-	-	-	-	6,532	-	-	6,532
Staff Transportation	273	44	527	266	-	-	-	-	1,110	-	-	1,110
Accounting	13,371	9,667	4,765	1,482	3,317	16,061	988	-	49,651	639	-	50,290
Board Discretionary	-	-	-	-	-	-	-	-	-	425	-	425
Computer and Office Equipment	6,812	-	2,533	243	1,070	5,805	162	-	16,625	2,180	-	18,805
Depreciation	348	13,070	-	125	-	1,111	-	-	14,654	1,876	-	16,530
Dues and Memberships	822	709	221	-	74	3,397	-	-	5,223	2,471	-	7,694
Insurance	5,950	551	3,570	714	1,190	7,140	476	-	19,591	6,470	-	26,061
Office Space	30,119	-	10,040	-	20,079	140,555	-	-	200,793	-	-	200,793
Office Supplies	456	900	359	202	227	2,548	20	-	4,712	1,489	-	6,201
Professional Consultants	6,674	1,260	1,260	378	630	8,969	252	250	19,673	59,740	-	79,413
Staff Expenses	1,144	1,638	999	152	15	4,377	1,350	619	10,294	3,132	-	13,426
Telecommunications	3,398	2,454	1,782	404	925	3,221	238	-	12,422	2,063	-	14,485
Donor Stewardship	-	-	-	-	-	-	-	-	-	10,822	-	10,822
PR Materials	1,470	485	108	525	-	945	-	630	4,163	4,173	-	8,336
<b>Total Functional Expenses</b>	<b>\$ 691,095</b>	<b>\$ 396,328</b>	<b>\$ 240,317</b>	<b>\$ 32,704</b>	<b>\$ 105,315</b>	<b>\$ 1,621,651</b>	<b>\$ 26,660</b>	<b>\$ 40,871</b>	<b>\$ 3,154,941</b>	<b>\$ 203,629</b>	<b>\$ 39,789</b>	<b>\$ 3,398,359</b>

See notes to financial statements



**EVERYONE HOME DC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 2,610,489	\$ 238,980
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of finance lease right of use asset	186,316	-
Depreciation	15,938	16,530
Investment income	(7,329)	(162)
Changes in:		
Grants receivable	(67,880)	(553,596)
Accounts receivable - other	(719)	991
Prepaid expenses	21,736	(11,789)
Operating lease assets and liabilities, net	(186,610)	78,353
Accounts payable	20,297	(8,571)
Accrued payroll	89,188	10,572
Net cash provided by (used in) operating activities	2,681,426	(228,692)
Cash flows from investing activities		
Capital expenditures	(6,372)	(3,948)
Investments	(2,000,000)	-
Net cash used in investing activities	(2,006,372)	(3,948)
Net increase (decrease) in cash	675,054	(232,640)
Cash, beginning of year	1,179,749	1,412,389
Cash, end of year	\$ 1,854,803	\$ 1,179,749

See notes to financial statements

EVERYONE HOME DC  
Notes to Financial Statements  
December 31, 2023 and 2022

**Note 1      Organization and Nature of Operations**

*Nature of Operations*

Everyone Home DC, formerly known as Capitol Hill Group Ministry, Inc., (the Organization) began operations in 1967 and is located in Washington, D.C. Everyone Home DC envisions the District of Columbia as a thriving and diverse community where all people can obtain and remain in safe, affordable, and comfortable homes. Its mission is to support the holistic needs of individuals and families at risk of or experiencing homelessness. Everyone Home DC is a vibrant, transformative and results driven nonprofit organization whose homelessness prevention, housing, street outreach, and supportive services have served as the foundation for thousands of individuals and families to secure stable homes and build thriving lives.

*Description of Services and Programs*

**Family Homelessness Prevention Program**

The Organization's Prevention Program (HPP) stabilizes families at risk of becoming homeless through mediation, flexible financial assistance and by connecting them to supportive resources. Staff prevention specialists at Everyone Home DC serve as supporters and champions for families in this program by assisting them with developing a plan, identifying resources, and setting goals that will allow them to remain stably housed and connected to their natural systems of support rather than having to enter the shelter system or live in unstable and unsafe locations. Once families have established stable housing, Everyone Home DC continues to work with the family members to support them in taking concrete steps toward long-term permanent housing that will allow them to thrive outside of transitional housing.

**Family Rapid Re-Housing Program**

The Organization's Rapid Rehousing Program (RRH) helps individuals and families quickly exit homelessness and return to permanent housing. It is designed to provide short-term rental assistance to homeless families in DC. Clients work with the Organization's case managers to set goals for greater housing and economic self-sufficiency. The Family Rapid Rehousing team and partners provide support for struggling families by helping them find and create stable housing through focused care management, employment preparation services, rental assistance, affordable housing research support, transportation assistance, mental health services, educational or vocational training, and other related services to help them achieve self-sufficient living.

**Family & Individual Permanent Supportive Housing**

The Organization's Permanent Supportive Housing (PSH) is a proven solution for the most vulnerable people experiencing chronic homelessness. The Organization provides

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housing assistance through a permanent rental subsidy with wraparound support services to individuals and families experiencing chronic homelessness, meaning those who have experienced homelessness for over a year, and have a disabling condition such as a serious mental illness, substance use disorder, or physical disability. Clients in the permanent supportive housing program receive subsidized housing along with intensive case management services, regular home visits, and workshops to maintain long-term stability.

#### ADA Accessible Shelter

In conjunction with the DC Department of Human Services, the Organization operates four ADA accessible, apartment style, shelter units for families in Northeast and Southeast D.C. The Organization provides case management services to families during their shelter stay and assists them to transition into permanent housing. The ADA-accessible shelters match the groups with the greatest needs - people and children with disabilities such as mental illness, chronic problems with alcohol and/or drugs, acquired immunodeficiency syndrome (AIDS), and related diseases - with housing, which is typically scarce due to their unique needs.

#### Drop-in Day Center, Shirley's Place

The Organization's Drop-In Day Center, Shirley's Place, works with individuals experiencing homelessness on Capitol Hill. The Day Center offers unhoused individuals a location to spend their days off the street and access to support services like meals, showers, laundry, mail services, and social services referrals. The Day Center partners with Unity Healthcare to connect people in the program with high-quality medical care. The Organization works with many individuals without income, while others receive Supplemental Security Income (SSI) through the Social Security Administration.

#### Street Outreach Program

The Organization's Street Outreach program operates year-round and adapts to the various challenges our clients face each season while living outdoors. The Street Outreach Team spends most of their time in the field, meeting clients where they are, accompanying them to goal-orientated appointments, and connecting them to community resources, including mental and physical health services, medical benefits, SNAP food benefits, SSI/SSDI, and other supportive services. The program partners with Unity Healthcare to connect people with high-quality medical care. The Organization conducts housing-focused street outreach through this unique approach, which uses person-centered strategies to build and maintain relationships and establish trust. It helps clients meet their basic needs and connect to community resources with a focus on long-term goals, including obtaining stable housing as a first step toward securing permanent housing.

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Advocacy

The Organization has a history of advocating for racial and economic justice dating back to its incorporation. It envisions the District of Columbia as a thriving and diverse community where all people can obtain and remain in safe, affordable, and comfortable homes. In order to make this vision a reality, the Organization advocates for housing interventions that are proven to end homelessness, Permanent Supportive Housing (PSH), Targeted Affordable Housing (TAH), and Rapid Re-Housing (RRH); homelessness prevention and diversion services for individuals and families; income opportunities; and for the basic health and safety needs of people experiencing homelessness and services that will maximize their quality of life.

**Note 2      Summary of Significant Accounting Policies**

*Method of Accounting*

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Classification of Net Assets*

The financial statements are presented in accordance with FASB accounting guidance for financial statements of not-for-profit organizations, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net Assets Without Donor Restrictions – Funds that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Funds subject to donor stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

*Cash and Cash Equivalents*

For purpose of the statements of financial position and statements of cash flows, the Organization considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents.

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Notes to Financial Statements  
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*Grants Receivable*

Grants receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of grants receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2023 and 2022, the allowance for doubtful accounts was \$-0-, respectively.

*In-kind Contributions*

In-kind contributions are recorded at fair value at the date of donation. Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying financial statements, as they do not meet the criteria for recognition as set forth under generally accepted accounting principles.

*Contribution and Revenue*

Contributions and other support are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Conditional contributions represent money received in advance where the Organization must meet certain requirements subject to donor approval before being allowed to spend the proceeds.

*Grants and Revenue Recognition*

The Organization requests and receives grants from governmental organizations and foundations that are specifically designated for program services. The funds are expended in accordance with grant requirements. Grant revenue is earned when the Organization has incurred expenses related to a specific grant or based upon the grantor's award period.

*Property and Equipment*

Fixed assets are recorded at cost if purchased or at fair market value at date of gift if donated. Depreciation for property and equipment is computed using the straight-line method over the life of the assets. Additions and improvements that add materially productive capacity or extend the life of an asset are capitalized. Additions, improvements and expenditures for repairs and maintenance that are at least \$1,000 and extend the economic life of the asset are capitalized. The estimated lives used in determining depreciation are as follows:

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Building and improvements	15 - 39 years
Furniture and fixtures	5 years

*Income Tax Status*

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income tax. However, any unrelated business income may be subject to taxation. There was no unrelated business income tax recorded for the years ended December 31, 2023 and 2022.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December 31, 2023 and 2022. The Organization is not currently under audit by any tax jurisdiction.

*Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated on the basis of estimates of the portion of time expended by the staff on the various functions.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

*Reclassifications*

Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation.

*Leases*

The Organization adopted Standards Update 842, Leases, (ASC 842) effective January 1, 2022. This standard requires lessees to recognize leases on the Statements of Financial Position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Organization used the

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practical expedient package, which includes not reevaluating if a contract is or contains a lease, not reevaluating the classification of a lease, and not reevaluating initial direct costs.

Upon adoption, the Organization recognized an operating ROU asset and a lease liability in the amount of \$1,248,500, respectively, using the modified retrospective alternative method. No cumulative-effect adjustments were required. Adoption of the new standard resulted in the recording of additional lease assets and lease liabilities on the Statements of Financial Position with no cumulative impact to net assets and did not have a material impact on the Organization's changes in net assets or cash flows for the year ended December 31, 2022.

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-08, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization's fiscal year ending December 31, 2022. ASU 2020-08 did not have a significant impact on the Organization's financial statements.

**Note 3**      **Fair Value Measurements**

FASB guidance for fair value measurement and disclosure provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB guidance are described as follows:

- *Level 1*: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- *Level 2*: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; or
- *Level 3*: Unobservable inputs that reflect the reporting entity's own assumptions.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

*Certificate of deposit:* Valued at amortized cost, which approximates fair value or approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

2023				
Fair Value Measurements Using Input Type				
	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -	\$ 2,169,236	\$ -	\$ 2,169,236
2022				
Fair Value Measurements Using Input Type				
	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -	\$ 161,907	\$ -	\$ 161,907

**Note 4 Property and Equipment**

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Land	\$ 29,869	\$ 29,869
Building and improvements	397,167	393,292
Furniture and fixtures	83,685	81,188
Fixed assets, total	510,721	504,349
Less, accumulated depreciation	(313,168)	(297,230)
	\$ 197,553	\$ 207,119

Depreciation expense for the years ended December 31, 2023 and 2022 was \$15,938 and \$16,530, respectively.

**Note 5 Net Assets with Donor Restrictions**

Net assets with donor restrictions were available for the following purposes as of December 31, 2023 and 2022:



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	<u>2023</u>	<u>2022</u>
Street Outreach general support	\$ -	\$ 2,500
Outreach and day center supplies	-	45,000
PSH program	-	10,000
Shirley's Place relaunch of outreach	-	2,500
Day center support and bathroom/office repairs	33,000	-
Family program spending	<u>2,500,000</u>	<u>-</u>
Total assets available for restricted use	<u><u>\$2,533,000</u></u>	<u><u>\$ 60,000</u></u>

Net assets with donor restrictions were released after satisfying the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Hypothermia supplies	\$ -	\$ 2,500
Completion of Racial Equity Assessment	-	15,000
Shirley's Place staff support	-	2,500
Street Outreach general support	2,500	2,500
Shirley's Place repairs	-	2,500
Annual Shirley's Place support	-	30,000
Street Outreach hypothermia supplies	-	2,500
Outreach and day center supplies	45,000	-
PSH program	10,000	-
Shirley's Place relaunch of outreach	<u>2,500</u>	<u>-</u>
Net assets released from restrictions	<u><u>\$ 60,000</u></u>	<u><u>\$ 57,500</u></u>

**Note 6 Leases**

The Organization leases office space with an expiration date of June 30, 2028. The lease includes a tenant improvement allowance of approximately \$140,823 and a rental abatement of 14 months. The lease provides for fixed increases in the annual base rent and also increases in operating expenses and real estate taxes.

Upon adoption of the new standard, the Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (“ROU”) assets represents the Organization’s right to use underlying assets for the lease term, and the lease liabilities represent the Organization’s obligation to make lease payments arising from these leases. The ROU asset and lease liability from the operating leases were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate, in lieu of its incremental borrowing rate to discount future lease payments.

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Future maturities of the lease liabilities are as follows:

Year ending December 31, 2024	\$	207,118
2025		213,332
2026		219,732
2027		226,324
2028		<u>115,116</u>
Total		981,622
Less: imputed interest		<u>(27,041)</u>
Lease liability - operating	\$	<u><u>954,581</u></u>
Operating lease weighed average remaining lease term (years)		4.5
Operating lease weighted average discount rate		1.37%

**Note 7 Retirement Plan**

The Organization offers each employee the opportunity to contribute to 401(k) voluntary savings plans. Employees may contribute up to the maximum allowable by the Internal Revenue Service. The Organization does not contribute to the retirement plan.

**Note 8 In-kind Contributions**

The Organization received donated items for the programmatic activities. For the years ended December 31, 2023 and 2022, donated goods in the amount of \$124,317 and \$88,304, respectively, were included in client assistance on the Statements of Activities and Changes in Net Assets.

**Note 9 Contingency**

Grants require the fulfillment of certain conditions as set forth in each grant instrument. Failure to fulfill those conditions could result in the return of funds to the grantors. Management deems this contingency remote since it believes it has complied with the terms of each grant.

**Note 10 Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure without donor or other restrictions limiting their use within one year of the statements of financial position date, consist of the following:

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Cash and cash equivalents	\$ 1,854,803
Grant receivable	859,969
Investments	<u>2,169,236</u>
Total financial assets available within one year	4,884,008
Donor-imposed restrictions	<u>(2,533,000)</u>
2023 Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,351,008</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures become due.

**Note 11 Subsequent Events**

Subsequent events were evaluated through November 6, 2024, which is the date the financial statements were available to be issued. No significant events have been identified that would require adjustment or disclosure in the financial statements.