

Grace Smith House, Inc.

Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, 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, 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 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. 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.

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

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 20 and 21 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, 2024

Grace Smith House, Inc.
Statements of Financial Position

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 381,021	\$ 494,982
Investments	5,222,217	4,329,110
Grants receivable	391,721	308,949
Promises to give, net	230,100	-
Accounts receivable (net of allowance for credit losses of \$60,000 and net of allowance for doubtful accounts of \$60,000)	91,055	118,322
Prepaid expenses	8,015	6,713
Land, property and equipment, net	1,594,980	1,839,187
	\$ 7,919,109	\$ 7,097,263
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 188,288	\$ 158,222
Deferred revenue	42,062	47,738
Security deposits payable	23,266	22,594
Total Liabilities	253,616	228,554
Net Assets		
Without donor restrictions	5,238,879	4,749,609
With donor restrictions	2,426,614	2,119,100
Total Net Assets	7,665,493	6,868,709
	\$ 7,919,109	\$ 7,097,263

See notes to financial statements

Grace Smith House, Inc.
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS			
Fees for service	\$ 866,570	\$ -	\$ 866,570
Government grants	1,085,781	-	1,085,781
Contributions	213,160	506,879	720,039
Special events	138,413	-	138,413
United Way	3,585	10,000	13,585
Contributed nonfinancial assets	78,177	-	78,177
Rental	208,036	9,578	217,614
Investment return, net	443,849	-	443,849
Miscellaneous	1,594	-	1,594
Net assets released from restrictions	218,943	(218,943)	-
Total Revenue, Support and Reclassifications	3,258,108	307,514	3,565,622
EXPENSES			
Program Services			
MLHR	859,697	-	859,697
Follow Up	328,485	-	328,485
Outreach	439,533	-	439,533
Brookhaven Apartments	338,263	-	338,263
Total Program Services	1,965,978	-	1,965,978
Supporting Services			
Management and general	462,220	-	462,220
Fundraising	137,508	-	137,508
Total Supporting Services	599,728	-	599,728
Total Expenses	2,565,706	-	2,565,706
Change in Net Assets Before Other Changes in Net Assets	692,402	307,514	999,916
OTHER CHANGES IN NET ASSETS			
Loss on impairment of construction in progress	(203,132)	-	(203,132)
Change in Net Assets After Other Changes in Net Assets	489,270	307,514	796,784
NET ASSETS			
Beginning of year	4,749,609	2,119,100	6,868,709
End of year	\$ 5,238,879	\$ 2,426,614	\$ 7,665,493

See notes to financial statements

Grace Smith House, Inc.
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT AND RECLASSIFICATIONS			
Fees for service	\$ 845,639	\$ -	\$ 845,639
Government grants	1,196,556	-	1,196,556
Contributions	191,419	97,133	288,552
Special events	104,390	-	104,390
United Way	2,034	11,500	13,534
Contributed nonfinancial assets	71,533	-	71,533
Rental	192,948	12,498	205,446
Investment loss, net	(474,036)	-	(474,036)
Miscellaneous	12,679	-	12,679
Net assets released from restrictions	190,950	(190,950)	-
Total Revenue, Support and Reclassifications	2,334,112	(69,819)	2,264,293
EXPENSES			
Program Services			
MLHR	827,559	-	827,559
Follow Up	338,016	-	338,016
Outreach	457,640	-	457,640
Brookhaven Apartments	344,386	-	344,386
Total Program Services	1,967,601	-	1,967,601
Supporting Services			
Management and general	407,463	-	407,463
Fundraising	129,049	-	129,049
Total Supporting Services	536,512	-	536,512
Total Expenses	2,504,113	-	2,504,113
Change in Net Assets	(170,001)	(69,819)	(239,820)
NET ASSETS			
Beginning of year	4,919,610	2,188,919	7,108,529
End of year	\$ 4,749,609	\$ 2,119,100	\$ 6,868,709

See notes to financial statements

Grace Smith House, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services			Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising	
PERSONNEL COSTS								
Salaries	\$ 473,525	\$ 200,208	\$ 291,998	\$ 77,900	\$ 1,043,631	\$ 323,995	\$ 82,185	\$ 406,180
FICA and MCTMT	35,528	15,022	21,909	5,845	78,304	24,308	6,166	30,474
Health benefits	63,598	26,890	39,218	10,463	140,169	43,515	11,038	54,553
Retirement plan contribution	32,472	13,729	20,024	5,342	71,567	22,217	5,636	27,853
Workers compensation/disability/NYS UI	15,299	6,468	9,434	2,517	33,718	10,467	2,655	13,122
Total Personnel Costs	620,422	282,317	382,583	102,067	1,367,389	424,502	107,680	532,182
OTHER EXPENSES								
Transportation	2,007	726	4,418	3	7,154	-	21	21
Activities	1,567	2,025	4,258	2,855	10,705	482	165	647
Contracted services	-	-	-	15,418	15,418	-	-	-
Purchased services	57,509	15,314	25,031	35,291	133,145	9,090	17,627	26,717
Food	16,318	534	-	252	17,104	-	-	-
Household supplies and equipment	11,610	192	197	2,332	14,331	-	-	-
Utilities	21,321	1,032	139	36,919	59,411	1,081	228	1,309
Repairs - plant	4,006	95	13	14,996	19,110	100	21	121
Repairs - equipment	601	-	-	1,903	2,504	-	-	-
Repairs - vehicles	1,512	-	-	-	1,512	-	-	-
Telephone and internet	9,834	1,391	2,668	827	14,720	852	292	1,144
Postage	400	85	149	101	735	93	737	830
Dues, licenses and permits	2,840	743	726	725	5,034	-	126	126
Office supplies	1,161	979	1,997	133	4,270	247	740	987
Conference	1,771	165	286	67	2,289	180	61	241
Administrative	838	311	42	1,407	2,598	326	115	441
Staff development	273	125	478	35	911	93	32	125
Contributed goods and services	33,380	7,278	9,361	8,330	58,349	-	1,478	1,478
Employee recognition	204	67	117	27	415	73	25	98
Professional fees	13,040	4,843	652	21,888	40,423	5,076	1,071	6,147
Insurance	12,066	4,482	603	20,254	37,405	4,697	991	5,688
Loss on asset disposal	-	-	-	1,326	1,326	-	-	-
Depreciation	39,378	14,626	1,969	66,098	122,071	15,328	3,235	18,563
Client assistance	5,785	11,040	2,916	2,548	22,289	-	-	-
Public relations	546	115	930	132	1,723	-	2,863	2,863
Credit losses	1,308	-	-	2,329	3,637	-	-	-
Total Other Expenses	239,275	66,168	56,950	236,196	598,589	37,718	29,828	67,546
Total Expenses	\$ 859,697	\$ 328,485	\$ 439,533	\$ 338,263	\$ 1,965,978	\$ 462,220	\$ 137,508	\$ 599,728
								\$ 2,565,706

Grace Smith House, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services			Total	
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services	Management and General	Fundraising		Total Supporting Services
PERSONNEL COSTS									
Salaries	\$ 450,694	\$ 213,135	\$ 264,054	\$ 93,633	\$ 1,021,516	\$ 294,049	\$ 79,904	\$ 373,953	\$ 1,395,469
FICA and MCTMT	33,597	15,888	19,684	6,980	76,149	21,920	5,956	27,876	104,025
Health benefits	66,622	31,506	39,033	13,841	151,002	43,467	11,812	55,279	206,281
Retirement plan contribution	14,797	6,998	8,670	3,074	33,539	9,654	2,623	12,277	45,816
Workers compensation/disability/NYS UI	13,823	6,537	8,098	2,872	31,330	9,018	2,451	11,469	42,799
Total Personnel Costs	579,533	274,064	339,539	120,400	1,313,536	378,108	102,746	480,854	1,794,390
OTHER EXPENSES									
Transportation	2,152	162	4,107	13	6,434	-	-	-	6,434
Activities	1,932	7,617	4,365	2,137	16,051	293	127	420	16,471
Contracted services	-	-	64,278	9,695	73,973	-	-	-	73,973
Purchased services	45,080	12,565	17,017	29,484	104,146	3,977	15,005	18,982	123,128
Food	11,226	456	-	-	11,682	-	-	-	11,682
Household supplies and equipment	11,383	373	421	1,709	13,886	-	-	-	13,886
Utilities	43,733	1,619	127	33,245	78,724	992	209	1,201	79,925
Repairs - plant	2,965	214	29	8,150	11,358	224	47	271	11,629
Repairs - equipment	2,609	-	-	30	2,639	300	-	300	2,939
Repairs - vehicles	1,885	-	-	-	1,885	-	-	-	1,885
Telephone and internet	6,447	298	3,778	6,519	17,042	272	118	390	17,432
Postage	291	91	129	51	562	83	388	471	1,033
Dues, licenses and permits	3,312	653	743	611	5,319	-	44	44	5,363
Office supplies	2,596	721	1,399	448	5,164	451	1,425	1,876	7,040
Conference	10	3	30	2	45	4	1	5	50
Administrative	829	308	41	1,391	2,569	323	240	563	3,132
Staff development	791	375	2,992	364	4,522	22	88	110	4,632
Contributed goods and services	37,141	9,047	11,741	10,589	68,518	-	-	-	68,518
Employee recognition	85	29	41	16	171	27	12	39	210
Professional fees	8,629	3,205	431	16,380	28,645	3,359	709	4,068	32,713
Insurance	10,887	4,044	544	18,274	33,749	4,238	894	5,132	38,881
Loss on asset disposal	-	-	-	14,359	14,359	-	-	-	14,359
Depreciation	37,993	14,112	1,900	63,773	117,778	14,790	3,121	17,911	135,689
Client assistance	1,442	7,196	3,022	232	11,892	-	-	-	11,892
Public relations	550	864	966	166	2,546	-	2,875	2,875	5,421
Bad debt expense	14,058	-	-	6,348	20,406	-	1,000	1,000	21,406
Total Other Expenses	248,026	63,952	118,101	223,986	654,065	29,355	26,303	55,658	709,723
Total Expenses	\$ 827,559	\$ 338,016	\$ 457,640	\$ 344,386	\$ 1,967,601	\$ 407,463	\$ 129,049	\$ 536,512	\$ 2,504,113

Grace Smith House, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 796,784	\$ (239,820)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	140,634	135,689
Change in discount on promises to give	4,900	-
Credit losses	3,637	-
Bad debt expense	-	21,406
Loss on impairment of construction in progress	203,132	-
Loss on disposal of land, property and equipment	1,326	14,359
Donated land, property and equipment	(18,350)	(3,015)
Realized and unrealized (gains) losses on investments	(336,214)	533,673
Changes in operating assets and liabilities		
Grants receivable	(82,772)	89,078
Promises to give	(235,000)	-
Accounts receivable	23,630	(6,295)
Prepaid expenses	(1,302)	(683)
Accounts payable and accrued expenses	30,066	(43,281)
Deferred revenue	(5,676)	37,121
Security deposits payable	672	192
Net Cash from Operating Activities	525,467	538,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	492,940	110,165
Purchase of investments	(1,049,833)	(519,036)
Purchase of land, property and equipment	(82,535)	(108,956)
Net Cash from Investing Activities	(639,428)	(517,827)
Net Change in Cash and Cash Equivalents	(113,961)	20,597
CASH AND CASH EQUIVALENTS		
Beginning of year	494,982	474,385
End of year	\$ 381,021	\$ 494,982

See notes to financial statements

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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 collaborates with various community service providers to assist victims as needed. The outreach program educates the community, service providers, healthcare personnel, church groups, high school and middle school students and school administrators on issues of abuse in relationships. All services are based on an empowerment philosophy, are conducted in a trauma informed manner and are free and confidential to victims of domestic violence.

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

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, 2023 and 2022

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

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through the change in net assets. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on January 1, 2023 expanded the Organization's required disclosures for its expected credit losses for accounts receivable but did not have a material effect on its financial statements.

Net Asset Presentation

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

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

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

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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

Grants receivable balances are stated at the amount that management expects to collect from outstanding balances. Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and a reduction in grants receivable. At December 31, 2023 and 2022, there was no allowance for uncollectable grants.

Promises to Give

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

Fees for Service

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

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.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

Contributed Nonfinancial Assets and Services

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

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 Credit Losses

Prior to January 1, 2023, accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts are presented in Note 6 and in the statements of financial position. Receivable balances were assessed at every reporting date for collectability and an allowance was recorded if the receivable was considered uncollectable. Subsequent to January 1, 2023, accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented in Note 6 and in the statements of financial position. The Organization maintains allowances for credit losses resulting from the expected failure or inability of any party to make required payments.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

The Organization recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the credit quality of the debtor party base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Organization's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

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

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The total amount of write offs was immaterial to the financial statements as a whole for the year ended December 31, 2023.

Land, Property and Equipment

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

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Total personnel cost	Time and effort
Transportation	Purpose and function
Activities	Purpose and function
Contracted legal services	Purpose and function
Purchased services	Purpose and function
Food	Purpose and function
Household supplies and equipment	Purpose and function
Utilities	Purpose and function
Repairs - plant	Purpose and function
Repairs - equipment	Purpose and function
Telephone and internet	Purpose and function
Postage	Purpose and function
Dues, licenses and permits	Purpose and function
Office supplies	Purpose and function
Conference	Purpose and function
Administrative	Purpose and function
Staff development	Purpose and function
Contributed goods and services	Purpose and function
Employee recognition	Purpose and function
Professional fees	Purpose and function
Insurance	Purpose and function
Depreciation	Square footage
Client assistance	Purpose and function
Public relations	Purpose and function
Bad debt expense	Purpose and function
Credit losses	Purpose and function

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 \$60 and \$400 in 2023 and 2022.

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, 2020.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

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

Reclassifications

Certain amounts for 2022 have been reclassified to conform with the 2023 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 26, 2024.

Future plans for the Organization included the building of a new shelter on purchased land that included an old building that was demolished in order to prepare the land for the construction of a new building. After December 31, 2023, management and the Board decided against building a new shelter, therefore the costs associated with the demolition of the building in the amount of \$203,132 were recognized as a loss on impairment of construction in progress in the statement of activities for the year ended December 31, 2023. Management and the Board intend to sell the land during the year ending December 31, 2024. Costs incurred associated with preparing the land for sale will be reclassified as assets held for sale from construction in progress once the criteria for this classification are met in 2024.

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>2023</u>	<u>2022</u>
Total assets	\$ 7,919,109	\$ 7,097,263
Less:		
Prepaid expenses	8,015	6,713
Land, property and equipment, net	1,594,980	1,839,187
Net assets with donor restrictions, less construction in progress *	<u>2,125,079</u>	<u>1,614,433</u>
Financial Assets Available Within One Year	<u>\$ 4,191,035</u>	<u>\$ 3,636,930</u>

* Includes promises to give due in two or more years.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

4. Investments and Investment Return (Loss)

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:

	2023	2022
Quoted Price In Active Market for Identical Assets (Level 1)		
Common stock	\$ 1,027,086	\$ 956,270
Mutual funds	899,098	418,320
Fixed income securities	199,021	-
Exchange traded funds	2,704,810	2,424,263
Investments at Fair Value	4,830,015	3,798,853
Cash and cash equivalents	392,202	530,257
Total Investments	\$ 5,222,217	\$ 4,329,110

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

	2023	2022
Interest and dividends	\$ 128,255	\$ 80,957
Unrealized gain (loss), net	360,210	(572,999)
Realized (loss) gain, net	(23,996)	39,326
Investment fees	(20,620)	(21,320)
	\$ 443,849	\$ (474,036)

5. Promises to Give, net

The Organization received unconditional promises to give which have been recorded net of a present value discount of 3.92% and 0% at December 31:

	2023	2022
Due in two or more years	\$ 125,000	\$ -
Less: discount to present value	(4,900)	-
	120,100	-
Due in one year or less	110,000	-
	\$ 230,100	\$ -

Promises to give were received for the following purposes for the years ended December 31:

	2023	2022
With donor restrictions - time	\$ 205,100	\$ -
With donor restrictions - purpose	25,000	-
	\$ 230,100	\$ -

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

5. Promises to Give, net (continued)

At December 31, 2023, promises to give is entirely comprised of amounts promised from three donors. There were no promises to give as of December 31, 2022.

6. Accounts Receivable

Accounts receivable consists of the following at December 31:

	2023	2022
LDSS per diem services	\$ 148,430	\$ 170,951
Rents and other	2,625	7,371
	151,055	178,322
Allowance for credit losses	(60,000)	-
Allowance for doubtful accounts	-	(60,000)
	\$ 91,055	\$ 118,322

7. Land, Property and Equipment, net

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

	Useful Life	2023	2022
Land	-	\$ 204,478	\$ 204,478
Land improvements	5-40	123,112	110,112
Buildings and building improvements	5-40	3,243,373	3,214,288
Furniture and equipment	3-15	396,824	345,831
Transportation equipment	5	80,424	80,424
Construction in progress	-	301,535	504,667
		4,349,746	4,459,800
Accumulated depreciation		(2,754,766)	(2,620,613)
		\$ 1,594,980	\$ 1,839,187

8. Contract Receivable

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

	2023	2022	2021
LDSS per diem services	\$ 148,430	\$ 170,951	\$ 183,017

9. Line of Credit

The Organization maintains a line of credit agreement with a bank in the amount of \$125,000 and is payable on demand. The line of credit is secured by all accounts receivable and equipment. Interest is calculated at the Wall Street Journal Prime Rate plus 1.25% (9.75% at December 31, 2023 and 8.75% at December 31, 2022). There was no outstanding balance as of December 31, 2023 and 2022. The line of credit requires that the Organization maintain a zero balance on the line for a period of 30 consecutive days during the term of the loan. The Organization did not draw down on the line of credit for the years ended December 31, 2023 and 2022.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

10. Net Assets

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

	2023	2022
Acquisition or construction of a shelter	\$ 1,000,000	\$ 1,000,000
Time or restricted for programs, operations and capital projects	1,426,614	1,119,100
	\$ 2,426,614	\$ 2,119,100

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

	2023	2022
Time or restricted for programs, operations and capital projects	\$ 218,943	\$ 190,950

11. Retirement Plans

Profit Sharing Plan

The Organization maintains a 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. Contributions to the Plan were approximately \$99,000 and \$46,000 for the years ended December 31, 2023 and 2022.

403(b) Tax Deferred Annuity Plan

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

12. Concentrations of Credit Risk

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

At December 31, 2023 and 2022, the Organization had uninsured cash of approximately \$147,000 and \$262,000 on deposit. At December 31, 2023 and 2022, the Organization's uninsured investment holdings totaled approximately \$4,330,000 and \$3,299,000. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

Grace Smith House, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

12. Concentrations of Credit Risk (continued)

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

At December 31, 2023, two grantors accounted for 79% of grant revenue and four grantors accounted for 96% of grants receivable. At December 31, 2022, two grantors accounted for 71% of grant revenue and three grantors accounted for 88% of grants receivable.

13. 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.

14. Contributed Nonfinancial Assets and Services

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

Nonfinancial Asset	2023 Contributions	2022 Contributions	Monetized or Utilized	Utilization in Function	Donor Restrictions	Valuation Technique
Food	\$ 11,141	\$ 9,412	Utilized	Program service	None	Current purchase prices
Services	-	1,815	Utilized	Program service	None	Current service rates
Household supplies	48,686	59,106	Utilized	Program service	None	Current purchase prices
Improvements	18,350	1,200	Utilized	Program service	None	Current service rates
	<u>\$ 78,177</u>	<u>\$ 71,533</u>				

15. Risks and Uncertainties

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

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Grace Smith House, Inc.

Supplemental Information

December 31, 2023 and 2022

Grace Smith House, Inc.
Supplemental Schedule of Revenue and Support
Year Ended December 31, 2023

	Program Services					Management and General	Fundraising	Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services			
REVENUE AND SUPPORT								
Fees for service	\$ 866,570	\$ -	\$ -	\$ -	\$ 866,570	\$ -	\$ -	\$ 866,570
Government grants	329,981	283,667	364,837	106,921	1,085,406	375	-	1,085,781
Contributions	-	-	-	-	-	-	720,039	720,039
Special events	-	-	-	-	-	-	138,413	138,413
United Way	2,992	5,566	1,281	2,746	12,585	1,000	-	13,585
Contributed nonfinancial assets	33,380	7,278	9,361	26,680	76,699	-	1,478	78,177
Rental	-	-	-	217,614	217,614	-	-	217,614
Investment return, net	245,566	58,207	74,863	66,624	445,260	(1,411)	-	443,849
Miscellaneous	-	-	-	-	-	1,529	65	1,594
Total Revenue and Support	<u>\$ 1,478,489</u>	<u>\$ 354,718</u>	<u>\$ 450,342</u>	<u>\$ 420,585</u>	<u>\$ 2,704,134</u>	<u>\$ 1,493</u>	<u>\$ 859,995</u>	<u>\$ 3,565,622</u>

Grace Smith House, Inc.
 Supplemental Schedule of Revenue and Support
 Year Ended December 31, 2022

	Program Services						Management and General	Fundraising	Total
	MLHR	Follow Up	Outreach	Brookhaven Apartments	Total Program Services				
REVENUE AND SUPPORT									
Fees for service	\$ 845,639	\$ -	\$ -	\$ -	\$ 845,639	\$ -	\$ -	\$ 845,639	
Government grants	331,149	303,379	393,717	149,806	1,178,051	18,505	-	1,196,556	
Contributions	-	-	-	-	-	-	288,552	288,552	
Special events	-	-	-	-	-	-	104,390	104,390	
United Way	3,697	5,232	2,670	907	12,506	1,028	-	13,534	
Contributed nonfinancial assets	38,341	9,047	11,741	12,404	71,533	-	-	71,533	
Rental	-	-	-	205,446	205,446	-	-	205,446	
Investment loss, net	(246,387)	(63,536)	(82,460)	(74,370)	(466,753)	(7,283)	-	(474,036)	
Miscellaneous	-	-	-	-	-	12,679	-	12,679	
Total Revenue and Support	\$ 972,439	\$ 254,122	\$ 325,668	\$ 294,193	\$ 1,846,422	\$ 24,929	\$ 392,942	\$ 2,264,293	