

BEATITUDE HOUSE
FINANCIAL REPORT
JUNE 30, 2021 and 2020

BEATITUDE HOUSE

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Independent Auditors' Report

To the Board of Directors
Beatitude House
Youngstown, Ohio

We have audited the accompanying financial statements of Beatitude House (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 auditors consider 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 Beatitude House as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The detailed statement of activities on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Meloney + Novotny LLC".

Canton, Ohio
January 26, 2022

BEATITUDE HOUSE
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 691,545 | \$ 783,104 |
| Receivables: | | |
| Accounts | 8,612 | 12,824 |
| Grants | 119,809 | 100,477 |
| Contributions | 125,995 | 255,695 |
| Prepaid expenses | 14,325 | 11,979 |
| Total current assets | <u>960,286</u> | <u>1,164,079</u> |
| PROPERTY AND EQUIPMENT | | |
| Land | 59,676 | 59,175 |
| Land improvements | 42,500 | - |
| Buildings | 120,728 | 120,728 |
| Building improvements | 445,704 | 445,704 |
| Leasehold improvements | 2,124,047 | 2,112,204 |
| Equipment and vehicles | 122,313 | 116,583 |
| Furniture and fixtures | 36,825 | 36,825 |
| | <u>2,951,793</u> | <u>2,891,219</u> |
| Less accumulated depreciation | <u>1,597,736</u> | <u>1,480,223</u> |
| | <u>1,354,057</u> | <u>1,410,996</u> |
| OTHER ASSETS | | |
| Investments | 1,529,565 | 766,865 |
| Receivables: | | |
| Contributions - net | 144,967 | 227,387 |
| Total other assets | <u>1,674,532</u> | <u>994,252</u> |
| | <u>\$ 3,988,875</u> | <u>\$ 3,569,327</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 14,476 | \$ 25,246 |
| Security deposits | 2,019 | 2,511 |
| Accrued payroll and taxes | 78,606 | 76,998 |
| Total current liabilities | <u>95,101</u> | <u>104,755</u> |
| Notes payable | 232,136 | 184,696 |
| Total liabilities | <u>327,237</u> | <u>289,451</u> |
| NET ASSETS | | |
| Without donor restrictions | 2,119,180 | 1,649,554 |
| With donor restrictions | 1,542,458 | 1,630,322 |
| | <u>3,661,638</u> | <u>3,279,876</u> |
| | <u>\$ 3,988,875</u> | <u>\$ 3,569,327</u> |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

| | Year Ended June 30, 2021 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES | | | |
| Donations | \$ 512,651 | \$ 43,477 | \$ 556,128 |
| Grants - Government | 1,045,584 | 37,499 | 1,083,083 |
| Grants - Foundation | 199,336 | 70,516 | 269,852 |
| Faith-based groups | 46,361 | 3,717 | 50,078 |
| Special events | 88,914 | - | 88,914 |
| Rent | 3,671 | - | 3,671 |
| Program services | 45,787 | - | 45,787 |
| Investment return - net | 122,830 | 72,712 | 195,542 |
| Miscellaneous | 14,178 | - | 14,178 |
| Gain on sale of property and equipment | 150 | - | 150 |
| In-kind contributions | 138,910 | - | 138,910 |
| Total revenues | <u>2,218,372</u> | <u>227,921</u> | <u>2,446,293</u> |
| Net assets released from restrictions | <u>315,785</u> | <u>(315,785)</u> | <u>-</u> |
| TOTAL REVENUES | <u>2,534,157</u> | <u>(87,864)</u> | <u>2,446,293</u> |
| EXPENSES | | | |
| Program services: | | | |
| Direct services | 603,295 | - | 603,295 |
| Housing and educational facilities | 945,443 | - | 945,443 |
| Total program services | <u>1,548,738</u> | <u>-</u> | <u>1,548,738</u> |
| Management and general | 363,084 | - | 363,084 |
| Fundraising | 152,709 | - | 152,709 |
| Total expenses | <u>2,064,531</u> | <u>-</u> | <u>2,064,531</u> |
| CHANGE IN NET ASSETS | <u>469,626</u> | <u>(87,864)</u> | <u>381,762</u> |
| NET ASSETS - BEGINNING OF YEAR | <u>1,649,554</u> | <u>1,630,322</u> | <u>3,279,876</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,119,180</u> | <u>\$ 1,542,458</u> | <u>\$ 3,661,638</u> |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

| | Year Ended June 30, 2020 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES | | | |
| Donations | \$ 420,341 | \$ 33,727 | \$ 454,068 |
| Grants - Government | 877,207 | 37,406 | 914,613 |
| Grants - Foundation | 291,660 | 271,095 | 562,755 |
| Faith-based groups | 33,140 | 13,202 | 46,342 |
| Special events | 13,650 | - | 13,650 |
| Rent | 4,167 | - | 4,167 |
| Program services | 37,394 | - | 37,394 |
| Investment return - net | 10,472 | 14,057 | 24,529 |
| Miscellaneous | 12,930 | - | 12,930 |
| Loss on sale of property and equipment | (4,274) | - | (4,274) |
| In-kind contributions | 150,439 | - | 150,439 |
| Total revenues | <u>1,847,126</u> | <u>369,487</u> | <u>2,216,613</u> |
| Net assets released from restrictions | <u>255,233</u> | <u>(255,233)</u> | <u>-</u> |
| TOTAL REVENUES | <u>2,102,359</u> | <u>114,254</u> | <u>2,216,613</u> |
| EXPENSES | | | |
| Program services: | | | |
| Direct services | 532,460 | - | 532,460 |
| Housing and educational facilities | 921,569 | - | 921,569 |
| Total program services | <u>1,454,029</u> | <u>-</u> | <u>1,454,029</u> |
| Management and general | 306,022 | - | 306,022 |
| Fundraising | 182,838 | - | 182,838 |
| Total expenses | <u>1,942,889</u> | <u>-</u> | <u>1,942,889</u> |
| CHANGE IN NET ASSETS | <u>159,470</u> | <u>114,254</u> | <u>273,724</u> |
| NET ASSETS - BEGINNING OF YEAR | <u>1,490,084</u> | <u>1,516,068</u> | <u>3,006,152</u> |
| NET ASSETS - END OF YEAR | <u>\$ 1,649,554</u> | <u>\$ 1,630,322</u> | <u>\$ 3,279,876</u> |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020

| FUNCTIONAL EXPENSES | Year Ended June 30, 2021 | | | | |
|---------------------------------------|--------------------------|----------------------------------|----------------------|-------------------|---------------------|
| | Program Services | | | | Total |
| | Direct Services | Housing & Educational Facilities | Management & General | Fund-raising | |
| Salaries | \$ 319,292 | \$ 302,455 | \$ 146,228 | \$ 90,371 | \$ 858,346 |
| Utilities | - | 63,440 | 3,394 | - | 66,834 |
| Telephone and internet | - | 11,078 | 3,408 | - | 14,486 |
| Repairs and maintenance | - | 48,327 | - | - | 48,327 |
| Direct supplies and client assistance | 87,763 | - | - | - | 87,763 |
| Insurance | - | 18,564 | - | - | 18,564 |
| Rent | - | 285,064 | 4,200 | - | 289,264 |
| Transportation | 460 | - | 1,101 | 39 | 1,600 |
| Office | 18,506 | 10,044 | 11,970 | 2,622 | 43,142 |
| Payroll taxes | 36,924 | 19,987 | 17,594 | 10,768 | 85,273 |
| Employee benefits | 104,773 | 55,473 | 58,870 | 29,886 | 249,002 |
| Fundraising and special events | - | - | - | 15,455 | 15,455 |
| Professional fees | - | - | 43,139 | - | 43,139 |
| Contract services | 3,485 | - | 7,146 | - | 10,631 |
| Household | 17,280 | - | - | - | 17,280 |
| Security | - | 11,155 | 1,594 | - | 12,749 |
| Technology | 11,918 | 12,115 | 5,400 | 3,163 | 32,596 |
| Depreciation | - | 107,741 | 14,692 | - | 122,433 |
| Miscellaneous | 2,894 | - | 44,348 | 405 | 47,647 |
| Total functional expenses | \$ 603,295 | \$ 945,443 | \$ 363,084 | \$ 152,709 | \$ 2,064,531 |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020

| FUNCTIONAL EXPENSES | Year Ended June 30, 2020 | | | | |
|---------------------------------------|--------------------------|----------------------------------|----------------------|-------------------|---------------------|
| | Program Services | | | | Total |
| | Direct Services | Housing & Educational Facilities | Management & General | Fund-raising | |
| Salaries | \$ 292,304 | \$ 255,128 | \$ 121,434 | \$ 119,697 | \$ 788,563 |
| Utilities | - | 66,246 | 3,863 | - | 70,109 |
| Telephone and internet | - | 14,106 | 3,068 | - | 17,174 |
| Repairs and maintenance | - | 46,264 | - | - | 46,264 |
| Direct supplies and client assistance | 90,098 | - | - | - | 90,098 |
| Insurance | - | 16,836 | - | - | 16,836 |
| Rent | - | 296,958 | 4,200 | - | 301,158 |
| Transportation | 1,015 | - | 872 | 1,097 | 2,984 |
| Office | 20,488 | 10,964 | 12,134 | 4,466 | 48,052 |
| Payroll taxes | 26,986 | 23,387 | 17,658 | 10,731 | 78,762 |
| Employee benefits | 77,548 | 66,403 | 59,587 | 30,412 | 233,950 |
| Fundraising and special events | - | - | - | 12,705 | 12,705 |
| Professional fees | - | - | 46,359 | 400 | 46,759 |
| Contract services | 188 | - | 7,150 | - | 7,338 |
| Household | 11,332 | - | - | - | 11,332 |
| Security | - | 9,302 | 1,329 | - | 10,631 |
| Technology | 8,435 | 7,994 | 3,689 | 3,256 | 23,374 |
| Depreciation | - | 107,981 | 14,725 | - | 122,706 |
| Miscellaneous | 4,066 | - | 9,954 | 74 | 14,094 |
| Total functional expenses | \$ 532,460 | \$ 921,569 | \$ 306,022 | \$ 182,838 | \$ 1,942,889 |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 381,762 | \$ 273,724 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Non-cash contribution of property and equipment | (10,650) | (1,441) |
| Forgiveness of notes payable | (148,939) | (8,939) |
| (Gain) on investments | (183,519) | (9,202) |
| (Gain) loss on sale of property and equipment | (150) | 4,274 |
| Depreciation | 122,433 | 122,706 |
| Contributions restricted to endowment | (11,198) | (11,200) |
| Decrease (increase) in: | | |
| Receivables | 197,000 | (12,928) |
| Prepaid expenses | (2,346) | 422 |
| Increase (decrease) in: | | |
| Accounts payable | (10,770) | (6,418) |
| Security deposits, accrued payroll and taxes | 1,116 | 7,809 |
| Net cash provided by operating activities | <u>334,739</u> | <u>358,807</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (54,844) | (75,448) |
| Proceeds from sale of property and equipment | 150 | - |
| Purchase of investments | (579,181) | (196,610) |
| Net cash (used) by investing activities | <u>(633,875)</u> | <u>(272,058)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from notes payable | 196,379 | 140,000 |
| Contributions restricted to endowment | 11,198 | 11,200 |
| Net cash provided by financing activities | <u>207,577</u> | <u>151,200</u> |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (91,559) | 237,949 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>783,104</u> | <u>545,155</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u><u>\$ 691,545</u></u> | <u><u>\$ 783,104</u></u> |

The accompanying notes are an integral part of these financial statements.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

- A. Beatitude House ("the Organization") organized on July 2, 1990 in response to the needs of low-income, homeless women and children. Beatitude House now operates three programs including Housing, Immigrant Outreach and Ursuline Sisters Scholars. The housing program includes both transitional and permanent supportive housing. Since 2007, the Immigrant Outreach Program has provided classes in English as a Second Language to women and tutoring for their school-aged children. The Ursuline Sisters Scholars program helps low-income students stay focused on achieving a post-secondary education with monthly financial assistance as well as volunteer mentors. All three programs offer support services and enrichment activities.

Ursuline Ministries, which is sponsored by the Ursuline Sisters of Youngstown, is the sole corporate member of Beatitude House.

- B. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. Receivables – Unconditional contributions are recognized as revenue in the period in which the promise to give is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using 6.50%, and amortization of the discounts is included in donation revenue. Conditional contributions are not included as contributions receivable until the conditions are substantially met. Grants receivable are expected to be collected within one year and management has determined no allowance for uncollectibility is necessary.
- D. Net Asset Accounting – The Organization reports gifts and grants of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires or the cash is expended in accordance with the limitations stipulated, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Beatitude House records donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions. Beatitude House reports gifts and grants of cash and other assets as support with donor restrictions if they are subject to donor stipulations that they be maintained permanently. Generally, donors of these assets permit the Organization to use all or part of the income derived from these assets.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

- E. Gifts and Memorials – All gifts and memorials are considered to be without donor restrictions unless specifically restricted by the donor and are recorded at fair value upon receipt or, in the case of donated goods or services, at their estimated fair market value on the date of donation.
- F. In-kind Contributions – A number of volunteers have made contributions of their time and talents to the Organization. No amounts have been reflected in the financial statements for these donated services because these services do not meet the criteria for recognition in the financial statements. In-kind contributions reflected in the financial statements are as follows:

| | June 30, | |
|------------|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Audit fees | \$ 14,000 | \$ 13,600 |
| Rent | 117,764 | 118,467 |
| Other | <u>7,146</u> | <u>18,372</u> |
| | <u>\$ 138,910</u> | <u>\$ 150,439</u> |

- G. Property and Equipment – These assets are stated at cost at the date of acquisition or fair value at the date of donation. Property and equipment are depreciated principally on the straight-line method over the estimated average useful life of the various assets. Expenditures over \$5,000 for additions and major improvements to existing assets are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred.
- H. Tax Status – Beatitude House is a nonprofit organization that is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal exempt organization business returns are subject to examination by the IRS, generally for three years after they were filed.

- I. Cash and Cash Equivalents – Cash and cash equivalents include accounts with daily liquidity such as checking, savings, and money market accounts which are maintained at financial institutions and may at times exceed federally-insured amounts. Furthermore, cash and cash equivalents include certificates of deposit with maturity of three months or less. Cash and cash equivalents exclude cash equivalent funds reported in investments that are held in investment portfolios.
- J. Reclassification – Certain information previously presented has been reclassified to conform to the current presentation.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Summary of Significant Accounting Policies (Continued)

- K. Functional Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation and security, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, office and technology, which are allocated on the basis of estimates of time and effort.
- L. Subsequent Events – The Organization has evaluated subsequent events through January 26, 2022, which is the date the financial statements were available to be issued.

Note 1. Investments

Investments consisted of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|-------------------|
| Money market funds | \$ 530,324 | \$ 152,258 |
| Mutual funds | 610,843 | 312,614 |
| Investments held at the Community Foundation of the Mahoning Valley | <u>388,398</u> | <u>301,993</u> |
| | <u>\$ 1,529,565</u> | <u>\$ 766,865</u> |

Investments held at the Community Foundation of the Mahoning Valley (Foundation) are invested in a pool of funds according to the Foundation's investment policy. In the event that it becomes unnecessary, undesirable, impractical or impossible to provide funds for the Organization's mission, the Foundation has the right to utilize the assets for charitable purposes that coincide with the past practices of the Organization.

Note 2. Fair Value Measurements

Beatitude House estimates the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs in which little or no market data exists

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth by level the Organization's assets that are accounted for at a fair value on a recurring basis:

| | As of June 30, 2021 | | | |
|---|----------------------------|-----------------------|-----------------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Investments: | | | | |
| Money market funds | \$ - | \$ 530,324 | \$ - | \$ 530,324 |
| Mutual funds: | | | | |
| Dividend Growth Fund | 25,138 | - | - | 25,138 |
| Equity Income Fund Adm | 112,583 | - | - | 112,583 |
| European Stock Index Adm | 14,406 | - | - | 14,406 |
| Inflation – Protected Sec Inv. | 41,337 | - | - | 41,337 |
| Pacific Stock Index Adm | 13,399 | - | - | 13,399 |
| Strategic Equity Fund | 7,276 | - | - | 7,276 |
| 500 Index Fund Adm | 218,741 | - | - | 218,741 |
| Value Index Fund Adm | 65,706 | - | - | 65,706 |
| Wellesley Income Fund Inv | 36,341 | - | - | 36,341 |
| Total Bond Mkt Index Adm | 2,404 | - | - | 2,404 |
| International Value Fund | 11,481 | - | - | 11,481 |
| S-T Investment-Grade Adm | 62,031 | - | - | 62,031 |
| Investments held at the Community Foundation of the Mahoning Valley | - | <u>388,398</u> | - | <u>388,398</u> |
| | <u>\$ 610,843</u> | <u>\$ 918,722</u> | <u>\$ -</u> | <u>\$ 1,529,565</u> |
| | As of June 30, 2020 | | | |
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Investments: | | | | |
| Money market funds | \$ - | \$ 152,258 | \$ - | \$ 152,258 |
| Mutual funds: | | | | |
| Dividend Growth Fund | 18,896 | - | - | 18,896 |
| European Stock Index Adm | 10,527 | - | - | 10,527 |
| Pacific Stock Index Adm | 10,166 | - | - | 10,166 |
| Strategic Equity Fund | 4,580 | - | - | 4,580 |
| 500 Index Fund Adm | 155,396 | - | - | 155,396 |
| Value Index Fund Adm | 9,753 | - | - | 9,753 |
| Wellesley Income Fund Inv | 32,020 | - | - | 32,020 |
| Total Bond Mkt Index Adm | 2,414 | - | - | 2,414 |
| International Value Fund | 8,127 | - | - | 8,127 |
| S-T Investment-Grade Adm | 60,735 | - | - | 60,735 |
| Investments held at the Community Foundation of the Mahoning Valley | - | <u>301,993</u> | - | <u>301,993</u> |
| | <u>\$ 312,614</u> | <u>\$ 454,251</u> | <u>\$ -</u> | <u>\$ 766,865</u> |

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Fair Value Measurements (Continued)

Investments – The Organization invests in mutual funds with quoted prices in active markets that are considered to be Level 1 assets. The Organization also invests in money market funds that are not publicly traded but that invest in Level 1 assets; therefore, these money market funds are Level 2 assets. In addition, the Organization has a percentage of its investments in a community foundation, which invests in Level 1 and Level 2 assets. The Organization's investment is based on the underlying value of the community foundation's investments. As such, this investment is a Level 2 asset.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2020 to 2021. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Contributions Receivable

Beatitude House has received unconditional contributions in the form of promises to give to its major gift campaign. Contributions receivable consisted of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Unconditional promises expected to be collected in: | | |
| Less than one year | \$ 125,995 | \$ 255,695 |
| One to five years | 167,871 | 269,675 |
| More than five years | - | - |
| Discounting for time value | (15,304) | (30,288) |
| Allowance for uncollectible contributions | <u>(7,600)</u> | <u>(12,000)</u> |
| | <u>\$ 270,962</u> | <u>\$ 483,082</u> |

Note 4. Notes Payable

Notes payable consist of the following as of June 30:

| | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------|
| Interest-free note payable to the Ohio Housing Finance Agency, secured by a mortgage on property owned by the Diocese of Youngstown, maturing April 2024. | \$ 22,500 | \$ 28,125 |

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Notes Payable (Continued)

Notes payable consist of the following as of June 30: (continued)

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Interest-free note payable to the Ohio Housing Finance Agency, secured by a mortgage, maturing September 2024. | \$ 13,257 | \$ 16,571 |
| Note payable to Farmers National Bank of Canfield, unsecured, interest at 1.00%, forgiven in January 2021. | - | 140,000 |
| Note payable to Farmers National Bank of Canfield, unsecured, interest at 1.00%, maturing in April 2026. | <u>196,379</u> | <u>-</u> |
| | <u>\$ 232,136</u> | <u>\$ 184,696</u> |

The interest-free notes payable above were entered into as part of the State of Ohio Capital Funding to End Homelessness Initiative Repair Program. For each note, principal equal to 10% of the original loan balance will be forgiven for each full year that the Organization maintains the property in accordance with the terms and conditions defined in the agreement. During each of the years ended June 30, 2021 and 2020, \$8,939 was forgiven. No cash payments were required for the years ended June 30, 2021 and 2020.

The first note payable to Farmers National Bank of Canfield above is a loan received in April 2020 as part of the Paycheck Protection Program (PPP), administered by the Small Business Administration, and created by the Coronavirus Aid, Relief and Economic Security (CARES) Act. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. The Organization was notified in January 2021 that the full amount of the loan was forgiven by the Small Business Administration. The forgiveness is included in grants – government on the accompanying statement of activities for the year ended June 30, 2021.

In April 2021, the Organization received an additional \$196,379 unsecured loan under the PPP. Provisions of the PPP allow for partial or full forgiveness of the loan provided the proceeds are used for covered expenditures and certain other requirements are satisfied. The unforgiven portion of the loan, if any, is to be paid in forty-four equal monthly installments of principal and interest (at 1% per annum) until five years from the date of the note.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Capital improvements | \$ 5,737 | \$ 10,352 |
| State grant – program services | 37,499 | 37,406 |
| Education | 83,219 | 110,821 |
| Child wellness | 126,094 | 149,120 |
| Other programs | <u>124,298</u> | <u>137,807</u> |
| | 376,847 | 445,506 |
| Subject to passage of time: | | |
| General use | 780,444 | 883,559 |
| Subject to appropriation: | | |
| Accumulated earnings on endowment funds | 160,019 | 87,307 |
| Endowment funds restricted in perpetuity | <u>225,148</u> | <u>213,950</u> |
| | <u>385,167</u> | <u>301,257</u> |
| | \$ <u>1,542,458</u> | \$ <u>1,630,322</u> |

The general use line above includes \$500,000 as of June 30, 2021 and 2020, relating to grants that were used for the construction or renovation of buildings. These funds would need to be repaid if the terms of the grant are violated during a specific time period. If the terms are not violated, the restriction will be released in September 2026.

Note 6. Endowment Funds

The Board of Directors of Beatitude House has approved an investment policy detailing the long-term goals, asset allocation, guidelines for security selection, and measurable objectives. The basic philosophy of the investment policy is that administration and management of the investments are to be implemented through a limited number of investment pools designed to provide capital growth with reasonable risk. Endowment funds are subject to the investment policy approved by the Board of Directors.

Endowment funds with donor restrictions include funds which are restricted as to use in perpetuity. Beatitude House records endowment gifts at historic dollar value. The income from these funds is to be used for general operations or education and is recorded as net assets with donor restrictions until the funds are appropriated.

Endowment funds are appropriated as needed based on approval by the Board of Directors. No amounts were appropriated from the operating or education endowment during the years ended June 30, 2021 and 2020.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6. Endowment Funds (Continued)

Interpretation of Relevant Law – The State of Ohio has passed a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with perpetual restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The preservation of the fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the Organization

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | | |
|---|---------------------------------------|--------------------------------|--------------------------|-------------------|
| | | <u>Accumulated Gains</u> | <u>Original Gift</u> | <u>Total</u> |
| Endowment net assets, June 30, 2019 | \$ - | \$ 73,250 | \$ 202,750 | \$ 276,000 |
| Investment return – net | - | 14,057 | - | 14,057 |
| Contributions | - | - | 11,200 | 11,200 |
| Appropriations of endow- ment assets for expenditure | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment net assets, June 30, 2020 | - | 87,307 | 213,950 | 301,257 |
| Investment return – net | - | 72,712 | - | 72,712 |
| Contributions | - | - | 11,198 | 11,198 |
| Appropriations of endow- ment assets for expenditure | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment net assets, June 30, 2021 | \$ <u>-</u> | \$ <u>160,019</u> | \$ <u>225,148</u> | \$ <u>385,167</u> |

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 7. Related Party Transactions

During each of the years ended June 30, 2021 and 2020, Beatitude House received from the Ursuline Sisters of Youngstown donations of \$27,000, which are included in revenue from faith-based groups. For the years ended June 30, 2021 and 2020, respectively, Beatitude House paid the Ursuline Sisters of Youngstown \$44,556 and \$44,241 for salaries and \$12,232 and \$10,818 for retirement and hospitalization.

During each of the years ended June 30, 2021 and 2020, Beatitude House paid \$12,000 for management fees to Ursuline Ministries.

Beatitude House leases a building from the Ursuline Sisters of Youngstown. (See Note 8).

Beatitude House shares several expenses with the Ursuline Center, which is another ministry of the Ursuline Sisters of Youngstown. During the years ended June 30, 2021 and 2020, respectively, Beatitude House paid \$-0- and \$3,954 for shared use of employees, \$3,846 and \$5,769 for rent for shared use of a warehouse, \$4,000 and \$-0- for shared contract services, and \$418 and \$-0- for other miscellaneous services. During the years ended June 30, 2021 and 2020, Beatitude House received \$1,800 and \$2,100, respectively, for shared usage of the truck owned by Beatitude House and other miscellaneous items, which are included in miscellaneous revenues on the accompanying statements of activities. During the years ended June 30, 2021 and 2020, Beatitude House received \$-0- and \$22,278, respectively, for shared use of employees, which are netted with salaries on the accompanying statements of activities.

Note 8. Lease Commitments

- A. Beatitude House leases a building from the Ursuline Sisters of Youngstown for \$1,200 annually and pays all insurance, maintenance, and utilities on the leased premises. The lease expires June 30, 2026. The estimated fair rental value of the building is \$25,500 for each of the years ended June 30, 2021 and 2020. The difference between the fair rental value and payments is reported as in-kind contributions and rent expense in the accompanying financial statements.
- B. Beatitude House leases three buildings from unrelated third parties. For the years ended June 30, 2021 and 2020, expense under these leases was \$14,400. At June 30, 2021, the leases are classified as operating leases with minimum rental commitments for each of the next five years as follows:

| | |
|------|---------|
| 2022 | \$7,800 |
| 2023 | 3,600 |
| 2024 | 3,600 |
| 2025 | 3,600 |
| 2026 | 2,400 |

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8. Lease Commitments (Continued)

- C. Beatitude House leases multiple apartments from unrelated third parties for terms of one year or less under the Supportive Housing Program (Assistance Listing #14.235). Under this program, Beatitude House is able to assist low-income women with children in making monthly lease payments. The women sublease the apartments from Beatitude House. Amounts relating to these leases for the years ended June 30 are:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|-------------|-------------|
| Program services income | \$ 42,845 | \$ 33,719 |
| Expense | 158,174 | 156,702 |

Note 9. Government Grants

The Organization receives a significant portion of its revenues from cost-reimbursable governmental programs, as shown on the statements of activities, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. As of June 30, 2021 and 2020, government grants totaling \$300,432 and \$547,909 have not been recognized on the accompanying financial statements because the conditions on which they depend have not been met. Furthermore, during the years ended June 30, 2021 and 2020, revenue from government grants represented approximately 44% and 41%, respectively, of total revenues.

Note 10. Retirement Plan for Lay Employees

Prior to June 30, 2011, the Organization contributed an amount equal to 8% of participating employees' wages annually to a pension plan established by the Diocese of Youngstown. This pension plan was frozen on June 30, 2011. Actuarial information for each covered entity is not available. The funded status of the pension plan could impact future contributions required by the Organization. Beginning July 1, 2011, the Organization is responsible for contributing up to 8% of each employee's salary to the Diocese which includes a matching contribution of up to 4% for the 403(b) plan offered by the Diocese. The remaining 4% is a contribution to the frozen pension plan for those employees eligible to receive a benefit under this plan as of July 1, 2011. The total employer contribution to both plans was \$24,263 and \$21,897 for the years ended June 30, 2021 and 2020, respectively.

BEATITUDE HOUSE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 11. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 180 days of general expenditures. Financial assets in excess of current operating requirements are invested in certificates of deposit, money market funds and other short-term investments.

The following table reflects the Organization's financial assets as of June 30, 2021 and June 30, 2020 reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of donor restrictions. Amounts not available include certain investments with donor restrictions as more fully described in Note 6.

The financial assets available to meet general expenditures within one year as of June 30 are as follows:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 691,545 | \$ 783,104 |
| Investments | 1,529,565 | 766,865 |
| Total receivables, net | <u>399,383</u> | <u>596,383</u> |
| Total financial assets | 2,620,493 | 2,146,352 |
| Investments with donor restrictions | (385,167) | (301,257) |
| Funds subject to expenditure for specific purpose | (376,847) | (445,506) |
| Long term contributions | <u>(144,967)</u> | <u>(227,387)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>1,713,512</u> | \$ <u>1,172,202</u> |

Note 12. COVID-19 Global Pandemic

Physical and economic conditions worldwide have been impacted by the ongoing COVID-19 pandemic. There are uncertainties surrounding COVID-19's impact on the economy as a whole and on organizations. There is also uncertainty regarding the positive impact of any federal government relief efforts through the dates of this report. Accordingly, the impact of the global pandemic on the operations and financial plans or future results of Beatitude House is unknown.

BEATITUDE HOUSE

DETAILED STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

| | Without Donor | With Donor Restrictions | | | | | | Total All Funds | |
|--|---------------------|-------------------------|-----------------|-------------------|------------------|-------------------|-------------------|---------------------|---------------------|
| | Restrictions | Government | Capital | Time- | Education | Other | Endowment | Total | |
| | Current | Grants | Improvements | Restricted | Fund | Funds | Fund | 2021 | |
| | Fund | Fund | Fund | Fund | Fund | Funds | Fund | | |
| REVENUES | | | | | | | | | |
| Donations | \$ 512,651 | \$ - | \$ - | \$ - | \$ 11,872 | \$ 20,407 | \$ 11,198 | \$ 43,477 | \$ 556,128 |
| Grants - Government | 1,045,584 | 37,499 | - | - | - | - | - | 37,499 | 1,083,083 |
| Grants - Foundation | 199,336 | - | 2,200 | - | 7,986 | 60,330 | - | 70,516 | 269,852 |
| Faith-based groups | 46,361 | - | - | - | 105 | 3,612 | - | 3,717 | 50,078 |
| Special events | 88,914 | - | - | - | - | - | - | - | 88,914 |
| Rent | 3,671 | - | - | - | - | - | - | - | 3,671 |
| Program services | 45,787 | - | - | - | - | - | - | - | 45,787 |
| Investment return - net | 122,830 | - | - | - | - | - | 72,712 | 72,712 | 195,542 |
| Miscellaneous | 14,178 | - | - | - | - | - | - | - | 14,178 |
| Gain on sale of property and equipment | 150 | - | - | - | - | - | - | - | 150 |
| In-kind contributions | 138,910 | - | - | - | - | - | - | - | 138,910 |
| Total revenues | 2,218,372 | 37,499 | 2,200 | - | 19,963 | 84,349 | 83,910 | 227,921 | 2,446,293 |
| Net assets released from restrictions | 315,785 | (37,406) | (6,815) | (103,115) | (47,565) | (120,884) | - | (315,785) | - |
| TOTAL REVENUES | 2,534,157 | 93 | (4,615) | (103,115) | (27,602) | (36,535) | 83,910 | (87,864) | 2,446,293 |
| EXPENSES | | | | | | | | | |
| Program services: | | | | | | | | | |
| Direct services | 603,295 | - | - | - | - | - | - | - | 603,295 |
| Housing and educational facilities | 945,443 | - | - | - | - | - | - | - | 945,443 |
| Total program services | 1,548,738 | - | - | - | - | - | - | - | 1,548,738 |
| Management and general | 363,084 | - | - | - | - | - | - | - | 363,084 |
| Fundraising | 152,709 | - | - | - | - | - | - | - | 152,709 |
| Total expenses | 2,064,531 | - | - | - | - | - | - | - | 2,064,531 |
| CHANGE IN FUND BALANCES | 469,626 | 93 | (4,615) | (103,115) | (27,602) | (36,535) | 83,910 | (87,864) | 381,762 |
| FUND BALANCES | | | | | | | | | |
| Beginning of year | 1,649,554 | 37,406 | 10,352 | 883,559 | 110,821 | 286,927 | 301,257 | 1,630,322 | 3,279,876 |
| End of year | \$ <u>2,119,180</u> | \$ <u>37,499</u> | \$ <u>5,737</u> | \$ <u>780,444</u> | \$ <u>83,219</u> | \$ <u>250,392</u> | \$ <u>385,167</u> | \$ <u>1,542,458</u> | \$ <u>3,661,638</u> |