MIDLANDS HOUSING ALLIANCE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

MIDLANDS HOUSING ALLIANCE, INC.

JUNE 30, 2021

TABLE OF CONTENTS

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Midlands Housing Alliance, Inc.
Columbia, South Carolina

We have audited the accompanying financial statements of the **Midlands Housing Alliance, Inc.** (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

508 HAMPTON STREET, 1ST FLOOR • COLUMBIA, SC 29201 • 803-799-5810 • FAX 803-799-5554 • www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midlands Housing Alliance, Inc. as of June 30, 2021 and the results of its activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Columbia, South Carolina
June 8, 2022

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets		
Cash and cash equivalents	$	1,142,562
Investments - other		158,326
Grants receivable		486,679
Other receivables		47,923
Prepaid expenses		12,231
Total current assets		1,847,721
Assets Restricted for Special Purposes		
Cash and cash equivalents		110,660
Grants receivable		50,000
Total assets restricted for special purposes		160,660
Non-current Assets		
Property and equipment, net		7,342,757
Investments		224,979
Beneficial interest in assets held by others		132,226
Total non-current assets		7,699,962
Total assets		9,708,343

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable		81,206
Accrued expenses		54,931
Total current liabilities		136,137
Net Assets		
Without donor restrictions		9,411,546
With donor restrictions		160,660
Total net assets		9,572,206
Total liabilities and net assets	$	9,708,343

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Grants	$ 827,112	$ 320,000	$ 1,147,112
Contributions	1,221,969	104,904	1,326,873
Contract	305,491	-	305,491
Rental	26,446	-	26,446
Other	28,768	-	28,768
Investment income	11,089	-	11,089
Net investment return	18,003	-	18,003
Net assets released from restriction	640,149	(640,149)	-
Total revenues, gains and other support	3,079,027	(215,245)	2,863,782
Expenses			
Program services	2,603,043	-	2,603,043
Management and general	263,422	-	263,422
Fundraising	142,938	-	142,938
Total expenses	3,009,403		3,009,403
Other Gains			
Forgiveness of debt	267,500	-	267,500
Change in net assets	337,124	(215,245)	121,879
Net assets at beginning of year	9,074,422	375,905	9,450,327
Net assets at end of year	$ 9,411,546	$ 160,660	$ 9,572,206

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program Service	Management and General	Fundraising	Total
Salaries, benefits and payroll taxes	$ 1,361,327	$ 98,803	$ 100,791	$ 1,560,921
Depreciation	375,906	11,851	-	387,758
Telephone and utilities	157,023	9,387	-	166,410
Program supplies	158,092	660	21	158,773
Contract services	197,829	1,902	-	199,731
Equipment rental, maintenance and repair	103,481	18,453	-	121,934
Insurance	38,208	53,123	-	91,331
Land rental and leases	45,724	-	-	45,724
Consulting and professional fees	97,867	61,175	1,820	160,863
Fundraising events	-	-	22,114	22,114
Memberships and dues	2,617	324	-	2,941
Postage	7,801	1,293	-	9,094
Printing and publications	568	-	15,926	16,494
Conferences and professional development	540	-	-	540
Other expenses	56,060	6,450	2,265	64,775
Total expenses	$ 2,603,043	$ 263,422	$ 142,938	$ 3,009,403
	86.50%	8.75%	4.75%	

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities	
Change in net assets	$ 121,879
Adjustments to reconcile change in net assets to cash (used in) operating activities:	
Depreciation	387,758
Unrealized (gain) on investments	(1,643)
(Gain) in forgiveness of debt	(267,500)
(Increase) in beneficial interest in assets held by others	(70,975)
(Increase) in grants receivable	(147,762)
(Increase) in other receivables	(7,289)
(Increase) in prepaid expenses	(3,903)
Increase in accounts payable	46,056
(Decrease) in accrued expenses	(75,608)
(Decrease) in deferred revenue	(25,000)
Net cash (used in) operating activities	(43,988)
Cash Flows from Investing Activities	
Purchases of investments	(50,000)
Proceeds from sales of investments	61,843
Purchases of property and equipment	(26,329)
Net cash (used in) investing activities	(14,486)
Net decrease in cash, cash equivalents and restricted cash	(58,474)
Cash, cash equivalents and restricted cash, beginning of year	1,311,696
Cash, cash equivalents and restricted cash, end of year	$ 1,253,222
Reconciliation of cash, cash equivalents and restricted cash, end of year, to Statement of Financial Position	
Cash and cash equivalents	$ 1,142,562
Restricted cash and cash equivalents	110,660
Total cash, cash equivalents and restricted cash, end of year	$ 1,253,222

Supplemental Disclosures of Non-Cash Activity

During the fiscal year 2021, the Organization met the requirements of the Paycheck Protection Program as stipulated by the Small Business Administration to have the full balance of $267,500 fully forgiven.

See notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Midlands Housing Alliance, Inc. (the "Organization") was organized as a nonprofit corporation in South Carolina in 2005, and was initially called South Carolina Cares, Inc. In 2008, the Organization's name was changed to Midlands Housing Alliance, Inc., as the Organization's mission was realized. The Organization manages and operates Transitions, a facility that opened in June of 2011. Transitions provides shelter and comprehensive services for people who are homeless. The facility helps adult men and women overcome barriers to housing. The 260-bed facility has emergency, convalescent, program, and extended program beds to engage clients at whatever level they need. Approximately 70 additional clients come into the Day Center during the day to receive services. These people living on the streets or otherwise homeless are engaged by day counselors. These day users are encouraged to participate in services and join the program after entering emergency beds. After engaging in low-demand shelter or program beds, the clients can progress to extended program housing for longer recovery or special programs such as Youth or Veterans' beds. Transitions also conducts rapid rehousing to place people more quickly and adult day care to help the elderly and medically fragile.

The Organization's mission is to engage and equip homeless adults of the Midlands to transition into stability and permanent housing. A majority of the men and women Transitions serves reside in Lexington or Richland counties. There are over fifty partnering agencies that come to Transitions to help clients in their particular service area. Partnering together, Transitions has been able to place approximately 3,084 clients into permanent housing and another approximately 7,254 into positive outcomes in its ten years of operation. Services offered at Transitions include meals, showers, washers and dryers, restrooms, resource center, computers, clothing, telephones, healthcare, mental health counseling and treatment, veterans services, life skills classes, substance abuse counseling, jobs training, rapid housing, and literacy skills. Case management is critical to the transformation process as people are guided to successful outcomes and towards graduation from the Transitions program. As residents participate more fully in the program, they engage in community service and personal development, leading to a source of income and the necessary life skills to maintain permanent housing once they graduate from Transitions.

Transitions also runs the Inclement Weather Center (IWC) for the City of Columbia (the "City") as a subcontractor for United Way of the Midlands. The IWC opens on nights when it is 40 degrees Fahrenheit or colder from November 1st through March 31st. This project requires extensive coordination with the City and other partners. During fiscal year 2021, services were provided to approximately 700 unique guests.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. The governing board has designated, from net assets without donor restrictions, net assets for Board-designated reserves.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no net assets that were perpetual in nature at June 30, 2021. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

It is the Organization’s policy to report donor restricted contributions whose restrictions are met in the same reporting period in which the contributions are recognized as an increase in net assets without donor restriction.

Expenditures that relate to the fulfillment of time and purpose restrictions are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Organization’s interpretation of relevant state law.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value.

Receivables

Grant receivables and other receivables represent noninterest-bearing amounts due from various local and state granting agencies or pertain to current contracts and are carried at realizable value. Management determines an allowance for doubtful accounts by identifying troubled accounts using historical experience. Management has deemed all receivables to be collectible at year-end.

Property and Equipment

Property and equipment are stated at cost if purchased and fair market value if donated. Expenses that significantly increase asset values or extend useful lives are capitalized. All assets are depreciated over estimated useful lives on a straight line basis. Repairs and maintenance and small equipment purchases are expensed as incurred. Property and equipment is reviewed on an ongoing basis for impairment based on the comparison of carrying value against fair value. If an impairment is identified, the asset's carrying amounts are adjusted to fair value in the year identified.

Investments

Investments – Other is comprised of certificates of deposit (CD) held for investment that are not considered marketable securities. Investments is comprised of fixed income securities and corporate bonds classified as held-to-maturity. Realized and unrealized gains and losses are included in total revenues and support. Fixed income securities are carried at fair market value. CDs with original maturities greater than three months and remaining maturities less than one year are classified as short-term while those with remaining maturities greater than one year are classified as long-term. CDs are reported at cost plus any accrued interest through the reporting date. Investments are recorded at cost when purchased or at market value at date of gift.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Organization's investment decisions are managed pursuant to a Board-approved investment policy. All brokerage and banking institutions managing the Organization's investments were provided copies and have agreed to abide by this policy. The policy restricts investments to fixed income investments consisting of certificates of deposit, money market funds, guaranteed government securities, and AA rated or above commercial paper with an average maturity of less than three years.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, other assets or an unconditional promise to give is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 reported in the statements of activities as net assets released from restrictions.

The Organization recognizes program and event revenue in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 606, whereas revenues are recognized at the point in time that the benefit is received by the customer.

The Organization derives its contract revenues from providing services to other organizations and agencies which, depending on the unique nature of the contract, may fall within the scope of FASB ASC Topic 958 or ASC Topic 606. In fiscal year 2021, there were no contracts that were within the scope of ASC Topic 606.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

For cost reimbursement grants, revenue is carried upon the occurrence of allowable costs. For grants under the advance/letter of credit draw down arrangements, revenue is earned based on draw down limitations and schedules stipulated by the funding source. However, proper matching of revenues with expenditures will prevail in the timing of revenue recognition.

Deferred Revenue

Grants received in advance for future expenditures are recorded as deferred revenue. Revenue from programs and events is deferred and recognized over the periods to which the fees relate.

Donated Services and In-kind Contributions

A large number of volunteers donate substantial amounts of time toward activities that support the mission of the Organization, however the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria. Donated services are only recognized if they require specialized skills, are provided by those individuals or companies that possess those skills and would need to be purchased if they were not donated, in accordance with the *Not-for-Profit Revenue Recognition* topic of the FASB ASC. Contributed goods are recognized in the financial statements at fair market value when received. The Organization received contributed goods of $16,725 for the year ended June 30, 2021.

Concentrations of Credit and Market Risk:

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution when bank deposits exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization invests in professionally managed portfolios that contain equities and bonds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. In addition, management believes that there is no unrelated business income subject to taxation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization files Form 990 in the U.S. federal jurisdiction and the State of South Carolina.

Functional Allocation of Expenses

The statement of activities reports certain categories of expenses that are attributable to more than one program or supporting function. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among programs and supporting services benefited as required by FASB's Not-for-Profit presentation and disclosure guidance.

The expenses that are allocated include the following:

Expense Category	Method of Allocation
Salaries, benefits and payroll taxes	Time and Effort
Depreciation	Square Footage
Telephone and utilities	Number of Line/Square Footage
Program supplies	Time and Effort
Contract services	Time and Effort
Equipment rental, maintenance and repair	Time and Effort
Insurance	Time and Effort
Land rental and leases	Number of Parking Spaces
Consulting and professional fees	Time and Effort
Fundraising events	Time and Effort
Memberships and dues	Time and Effort
Postage	Time and Effort
Printing and publications	Time and Effort
Conferences and professional development	Time and Effort
Other expenses	Time and Effort

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements Adopted

The FASB issued one Accounting Standards Update (ASU) that will affect the Organization's revenue recognition. ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending June 30, 2021, the Organization adopted ASU No. 2014-09 and has adjusted the presentation in these financial statements accordingly. The Organization recognizes contribution revenue, event revenue and grant revenues in accordance with FASB ASC Topic 606 and Topic 958. The adoption of ASU No. 2014-09 did not have an impact on the timing of the revenue recognition for the Organization.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 was effective for financial statements issued for fiscal years beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05 to allow for the deferral of the implementation date of ASU 2016-02 for one year for entities that have not yet issued their financial statements. The Organization is assessing the new guidance and the possible impact it will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07 to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The Organization is assessing the new guidance and the possible impact it will have on its financial statements.

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, comprise the following:

Cash and cash equivalents	$ 1,142,562
Investments, short-term	158,326
Grants receivable	486,679
Other receivables	47,923
Total financial assets available within one year	1,835,490
Less:	
Amounts not available to be used within one year due to Board-designated reserve	158,326
Financial assets available to meet cash needs for general expenditures within one year	$ 1,677,164

Part of management's liquidity plan is to maintain financial assets to meet ninety days of general expenditures. The Organization has a $500,000 line of credit available to meet cash flow needs.

NOTE 3. INVESTMENTS

The following is a summary of the market value of investments as of June 30, 2021:

Certificates of deposit, maturing in one year or less	$ 158,326
Certificates of deposit, maturing in greater than one year	109,509
Fixed income investments	132,226
Corporate bonds	115,470
	$ 515,531

Investment income is reported net of investment expenses for the fiscal year 2021. Investment expenses were $1,405 for the year ended June 30, 2021.

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization adheres to the *Fair Value Measurements and Disclosures* topic of the FASB ASC 820, which defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements about fair value measurements. Topic 820 requires, among other things, the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs in its fair value measurement techniques.

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2 Inputs to the valuation methodology included quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted process that are observable for the assets or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ 267,835	$ -	$ -	$ 267,835
Fixed income	132,099	-	128	132,226
Corporate Bonds	115,470	-	-	115,470
Totals	$ 515,404	$ -	$ 128	$ 515,531

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant inputs (Level 3) as of June 30:

	Fair Value Measurement at Report Date Using Significant Unobservable Inputs (Level 3) Beneficial Interests Assets Held by Community Foundation
Balance at June 30, 2020	$ 75
Purchases/contributions of investments	-
Investment returns, net	53
Distributions	-
Balance at June 30, 2021	$ 128

NOTE 5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY ORGANIZATION

The Organization has the sole beneficial interest in the assets held by Central Carolina Community Foundation (CCCF). Funds are distributed at the Organization's request and are to be used for the operations of the Organization. The Organization has the power to direct those distributed funds, as they deem necessary when they are received. The fund is held and invested by CCCF for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities and changes in net assets.

The fair value presentation of these funds resulted in a net change in value comprised of the following as of June 30, 2021:

Beginning balance	$	61,251
Contributions		45,000
Interest and dividends		4,340
Change in market value		22,975
Fees		(1,340)
Balance at year end	$	132,226

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

	Estimated Useful Life in Years		
Land	-	$	1,832,929
Buildings and improvements	10 - 25		9,034,064
Furniture and equipment	5		523,163
Vehicles	5		132,903
			11,523,059
Less: accumulated depreciation			(4,180,302)
Property and equipment, net		$	7,342,757

Depreciation expense was $387,758 for the year ended June 30, 2021.

NOTE 7. LINE OF CREDIT

The Organization has a $500,000 unsecured line of credit with a variable interest rate. The line of credit was renewed through October 26, 2021. There are no borrowings against the line at June 30, 2021.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions reported at June 30, 2021, are grant amounts restricted for purpose or time. Net assets with donor restrictions at June 30, 2021, totaled $160,660.

NOTE 9. BOARD-DESIGNATED RESERVES

As of June 30, 2021, the Board of Directors reserved approximately $577,000 of net assets without donor restrictions to cover operating expenses should an emergency occur that would affect the continuation of the Organization. Since the amounts resulted from an internal designation and are not donor restricted, they are classified and reported as net assets without donor restrictions.

NOTE 10. FEDERAL AND STATE CONTRACTS

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed, would not have a material effect on the Organization's financial position.

NOTE 11. COMMITMENTS

The Organization rents property under operating lease agreements with landlords. Future minimum rental payments at June 30, 2021, under agreements classified as operating leases with non-cancelable terms in excess of one year are as follows:

2022	$ 47,014
2023	47,659
2024	47,659
2025	47,659
2026	47,659
Thereafter	7,943
Total future minimum lease payments	$ 245,595

Rent expense totaled $45,724 for the year ended June 30, 2021.

NOTE 12. DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan (the “Plan”) available to all who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 4% of the individual participant's compensation. The contributions to the Plan by the Organization for the year ended June 30, 2021, was $22,376.

NOTE 13. PAYCHECK PROTECTION PROGRAM

During the year ended June 30, 2020, the Organization participated in the Paycheck Protection Program (PPP) created by the U.S. Small Business Administration (SBA). The Organization received its PPP loan in May 2020 in the amount of $267,500. On December 16, 2020, the Organization received notification that they meet the requirements of the program as stipulated by the SBA and the balance of the loan and all outstanding interest was fully forgiven in the fiscal period.

NOTE 14. CONCENTRATION OF REVENUES

Approximately 48% of the Organization’s grant revenue was derived from local grant revenue for the year ended June 30, 2021. Any future losses of these revenues would have a significant impact on the Organization’s ability to continue funding programs.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 8, 2022, which is the date the financial statements were available to be issued.

The Organization is currently in the due diligence period for the purchase of an additional property located at 800 Dutch Square Blvd., in Columba, SC. The sales price of that facility will be approximately $2.3M. The purchase will be financed by a loan which is expected to close in July 2022.