MIDLANDS HOUSING ALLIANCE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

MIDLANDS HOUSING ALLIANCE, INC.

JUNE 30, 2022

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Midlands Housing Alliance, Inc.** (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Midlands Housing Alliance, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midlands Housing Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Organization'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 the Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 30, 2023

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,264,787
Certificates of deposit	102,870
Grants receivable	825,026
Other receivables	15,721
Prepaid expenses	53,796
Total current assets	2,262,200
Assets Restricted for Special Purposes	
Cash and cash equivalents	436,513
Pledges receivable	1,124,864
Grants receivable	94,898
Total assets restricted for special purposes	1,656,275
Non-current Assets	
Property and equipment, net	6,965,883
Certificates of deposit	54,696
Investments	71,246
Beneficial interest in assets held by others	109,635
Total non-current assets	7,201,460
Total assets	11,119,935
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	151,973
Accrued expenses	95,631
Deferred revenue	7,397
Total current liabilities	255,001
Net Assets	
Without donor restrictions	9,208,658
With donor restrictions	1,656,275
Total net assets	10,864,934
Total liabilities and net assets	$ 11,119,935

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Grants	$ 1,487,446	$ 380,330	$ 1,867,776
Contributions of cash and other financial assets	1,315,918	5,181	1,321,099
Contributed nonfinancial assets	195,962	-	195,962
Pledges	-	1,437,833	1,437,833
Contract	352,967	-	352,967
Rental	7,124	-	7,124
Other	42,879	-	42,879
Gain on disposal of asset	600	-	600
Interest income	13,405	-	13,405
Net investment return	(35,158)	-	(35,158)
Net assets released from restriction	327,729	(327,729)	-
Total revenues, gains and other support	3,708,872	1,495,615	5,204,487
Expenses			
Program services	2,979,797	-	2,979,797
Management and general	516,184	-	516,184
Fundraising	263,068	-	263,068
Total expenses	3,759,049	-	3,759,049
Change in net assets	(50,177)	1,495,615	1,445,438
Net assets at beginning of year, as previously reported	9,411,546	160,660	9,572,206
Prior period adjustment (see Note 16)	(152,710)	-	(152,710)
Beginning, as restated	9,258,836	160,660	9,419,496
Net assets at end of year	$ 9,208,658	$ 1,656,275	$ 10,864,934

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

		Supporting Services		
	Program Service	Management and General	Fundraising	Total
Salaries, benefits and payroll taxes	$ 1,473,527	$ 97,635	$ 193,410	$ 1,764,572
Depreciation	382,249	14,370	-	396,619
Telephone and utilities	122,955	69,525	-	192,481
Supplies	413,174	69,886	30	483,090
Contract services	186,963	40,883	686	228,532
Equipment rental, maintenance and repair	57,323	69,112	-	126,436
Insurance	72,860	11,208	-	84,067
Land rental and leases	47,659	(2,007)	-	45,652
Consulting and professional fees	55,804	147,203	13,848	216,854
Fundraising events	-	-	53,111	53,111
Memberships and dues	750	1,051	-	1,801
Postage	8,286	7	-	8,293
Printing and publications	-	-	1,006	1,006
Conferences and professional development	375	6,938	892	8,205
Other expenses	157,873	(9,629)	86	148,330
Total expenses	$ 2,979,797	$ 516,184	$ 263,068	$ 3,759,049

said

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities		
Change in net assets	$	1,445,438
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		396,619
Net losses on investments		1,687
Decrease in beneficial interest in assets held by others		22,591
(Increase) in grants receivable		(238,918)
Decrease in other receivables		32,202
(Increase) in pledges receivable		(1,124,864)
(Increase) in prepaid expenses		(41,565)
Increase in accounts payable		50,955
Increase in accrued expenses		40,700
Increase in deferred revenue		7,397
Net cash provided by operating activities		592,242
Cash Flows from Investing Activities		
Decrease in certificates of deposit		152,807
Purchases of property and equipment		(296,970)
Net cash used in investing activities		(144,163)
Net increase in cash, cash equivalents and restricted cash		448,078
Cash, cash equivalents and restricted cash, beginning of year		1,253,223
Cash, cash equivalents and restricted cash, end of year	$	1,701,301
Reconciliation of cash, cash equivalents and restricted cash, end of year, to Statement of Financial Position		
Cash and cash equivalents	$	1,264,787
Restricted cash and cash equivalents		436,513
Total cash, cash equivalents and restricted cash, end of year	$	1,701,301

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, program, and special 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, some clients can progress to special programs housing for longer recovery or specialized 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 3,300 clients into permanent housing and another approximately 8,000 into positive outcomes in its eleven 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 2022, 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, 2022. 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.

Grant and Other 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 grant and other receivables to be collectible at year-end.

Pledges Receivables

Unconditional promises to give (pledges receivable) are recognized as revenue and assets in the period the promise is received. Pledges receivables due within one year are measured at net realizable value. Promises to give with payments due in future periods are discounted to their present value using interest rates applicable to the years in which the promises are received. An allowance for uncollectible pledges is provided based on management's evaluation of the collectability of pledges receivable at year-end. Management has deemed all pledges 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. 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.

All assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10 - 25
Furniture and equipment	5
Vehicles	5

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit (CDs) are not considered to be marketable securities. 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

Investments is comprised of fixed income securities. Realized and unrealized gains and losses are included in total revenues and support. Corporate bonds are carried at fair market value. Investments are recorded at cost when purchased or at market value at date of gift.

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. In fiscal year 2022, there were no contracts that were within the scope of ASC Topic 606.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

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.

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, 2022, 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 is no longer subject to tax examinations by tax authorities for years before 2018. 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
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

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. For the year ending June 30, 2022, the Organization adopted ASU No. 2020-07 and has adjusted the presentation in these financial statements accordingly. This adjustment did not have an effect on total net assets or the change in total net assets for 2022.

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.

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	$ 1,264,787
Certificates of deposit	102,870
Grants receivable	825,026
Other receivables	15,721
Total financial assets available within one year	$ 2,208,404
Less:	
Amounts not available to be used within one year due to Board-designated reserve	273,721
Financial assets available to meet cash needs for general expenditures within one year	$ 1,934,683

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, as further described in Note 8, available to meet cash flow needs.

NOTE 3. INVESTMENTS

The following is a summary of the market value of investments:

Corporate bonds	$	71,246

Investment income is reported net of investment expenses for the fiscal year 2022. Investment expenses were $1,655 for the year ended June 30, 2022.

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.

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 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The 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 prices 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.

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

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				
Corporate bonds	$ 71,246	$ -	$ -	$ 71,246
Beneficial interest in assets	109,635	-	-	109,635
Totals	$ 180,881	$ -	$ -	$ 180,881

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Corporate Bonds: Valued using benchmark yields, broker/dealer quotes, issuer spreads, prepayment rate estimates, and monthly payment information.

Beneficial interest in assets: Valued at daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at the price. The mutual funds held are deemed to be actively traded.

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, 2022:

Beginning balance	$ 132,226
Contributions	-
Interest and dividends	5,619
Change in market value	(26,620)
Fees	(1,590)
Balance at year end	$ 109,635

NOTE 6. PLEDGES RECEIVABLE

The Organization has recognized unconditional promises to give as pledges receivable, which are due to be collected as follows:

In one year or less	$	1,073,364
Between one and five years		51,500
Thereafter		-
Total pledges receivable	$	1,124,864

The Organization had write-offs of $0 for the pledges receivables during June 30, 2022.

At June 30, 2022, one donor accounted for 89 percent of total pledges receivable.

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Land	$	1,832,928
Buildings and improvements		9,306,365
Furniture and equipment		545,335
Vehicles		132,903
		11,817,531
Less: accumulated depreciation		(4,851,648)
Property and equipment, net	$	6,965,883

Depreciation expense was $396,619 for the year ended June 30, 2022.

NOTE 8. 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 January 2023. There are no borrowings against the line at June 30, 2022.

NOTE 9. 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 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are to be used for the following as of June 30, 2022:

Adult Daycare Center	$ 1,477,833
Actively aging	63,424
Outreach	74,478
Direct client assistance	4,975
Youth program	12,934
Salaries and operating expenses	22,631
Total net assets with donor restrictions	$ 1,656,275

During the year ended June 30, 2022, net assets of $327,729 were released from donor restrictions by incurring expenses satisfying the program and grant requirements.

NOTE 11. BOARD-DESIGNATED RESERVES

As of June 30, 2022, the Board of Directors reserved approximately $551,885 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 12. COMMITMENTS

The Organization rents property under operating lease agreements with landlords. Future minimum rental payments at June 30, 2022, under agreements classified as operating leases with non-cancelable terms in excess of one year are as follows:

2023	$ 47,659
2024	47,659
2025	47,659
2026	47,659
2027	7,943
Total future minimum lease payments	$ 198,579

Rent expense totaled $45,652 for the year ended June 30, 2022.

NOTE 13. 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, 2022, was $22,240.

NOTE 14. CONCENTRATION OF REVENUES

Approximately 39% of the Organization's grant revenue was derived from local grant revenue for the year ended June 30, 2022. Any future losses of these revenues would have a significant impact on the Organization's ability to continue funding programs.

NOTE 15. IN-KIND CONTRIBUTIONS

For the year ended June 30 2022, contributed nonfinancial assets recognized within contribution revenue on the statement of activities included:

Type		Usage
Food, drink, equipment, printing	$ 25,812	Reconstructing Homes
Food, drink, equipment, printing	11,215	Taste of the Vine
Silent auction items	1,935	Chef's Feast
Volunteer services	66,514	Organization support
Food	75,564	Organization support
Equipment	14,922	Basketball court
	$ 195,962	

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Nonfinancial assets were valued using estimated average prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution.

NOTE 16. RESTATEMENT OF PRIOR YEAR BALANCES

The Organization determined that a restatement to beginning net asset balances was needed to properly report the balances from prior periods. Previously, net assets without donor restrictions in total were overstated. Net assets without donor restrictions were understated due to grant revenue not recorded in the proper period. Net assets without donor restrictions were overstated as some expenses were not recorded in the proper period and there were calculation errors in fixed assets and their respective depreciation. This restatement resulted in an increase in grant revenue in the prior fiscal year of $144,327, an increase in expenses in the prior fiscal year of $19,812 and an increase in accumulated depreciation of $277,225 pertaining to the prior fiscal year and before.

NOTE 16. RESTATEMENT OF PRIOR YEAR BALANCES (CONTINUED)

As a result of the restatements described above, beginning net asset balances were restated as follows:

	Without Donor Restriction	With Donor Restriction	Total Net Assets
Balances as previously reported	$ 9,411,546	$ 160,660	$ 9,572,206
Record grant revenue in proper period	144,327	-	144,327
Record expenses in proper period	(19,812)	-	(19,812)
Correct fixed assets accumulated depreciation	(277,225)	-	(277,225)
Net asset balance as restated	$ 9,258,836	$ 160,660	$ 9,419,496

NOTE 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 30, 2023, which is the date the financial statements were available to be issued.

In July 2022, the Organization purchased additional property located at 800 Dutch Square Blvd., in Columbia, SC. The sales price of that facility was approximately $2.3M. The purchase was financed by a loan.