Hospital Hospitality House of Richmond, Inc. d.b.a. The Doorways

Consolidated Financial Statements

June 30, 2024 and 2023

Keiter
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HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
D.B.A. THE DOORWAYS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hospital Hospitality House of Richmond, Inc. d.b.a. The Doorways
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Keiter

September 13, 2024
Glen Allen, Virginia

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024			2023		
Assets	Operating	Endowment	Total	Operating	Endowment	Total
Cash and cash equivalents	$ 740,528	$ -	$ 740,528	$ 913,616	$ -	$ 913,616
Accounts receivable	694,882	-	694,882	80,104	-	80,104
Pledges receivable	149,885	-	149,885	32,675	-	32,675
Prepaid expenses	10,434	-	10,434	9,008	-	9,008
Marketable securities	10,164,883	4,667,318	14,832,201	8,941,811	4,206,153	13,147,964
Property and equipment, net	4,903,009	-	4,903,009	4,866,662	-	4,866,662
Total assets	$ 16,663,621	$ 4,667,318	$ 21,330,939	$ 14,843,876	$ 4,206,153	$ 19,050,029
Liabilities and Net Assets						
Liabilities:						
Accounts payable	$ 132,955	$ -	$ 132,955	$ 89,229	$ -	$ 89,229
Accrued expenses	105,724	-	105,724	92,532	-	92,532
Deferred revenue	-	-	-	3,080	-	3,080
Deposits	1,560	-	1,560	1,710	-	1,710
Total liabilities	240,239	-	240,239	186,551	-	186,551
Net assets:						
Without donor restrictions:						
Undesignated	16,107,787	-	16,107,787	14,447,905	-	14,447,905
Board designated operating reserve	-	2,768,077	2,768,077	-	2,423,376	2,423,376
Total net assets without donor restrictions	16,107,787	2,768,077	18,875,864	14,447,905	2,423,376	16,871,281
With donor restrictions:						
Time	149,885	-	149,885	32,675	-	32,675
Principal gifts held in perpetuity	-	1,899,241	1,899,241	-	1,782,777	1,782,777
Total net assets with donor restrictions	149,882	1,899,241	2,049,123	32,675	1,782,777	1,815,452
Total controlling interest in net assets	16,257,669	4,667,318	20,924,987	14,480,580	4,206,153	18,686,733
Non-controlling interest in net assets of consolidated subsidiary	165,713	-	165,713	176,745	-	176,745
Total net assets	16,423,382	4,667,318	21,090,700	14,657,325	4,206,153	18,863,478
Total liabilities and net assets	$ 16,663,621	$ 4,667,318	$ 21,330,939	$ 14,843,876	$ 4,206,153	$ 19,050,029

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
D.B.A. THE DOORWAYS

Consolidated Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 1,091,720	$ 151,882	$ 1,243,602
Guest lodging	637,508	-	637,508
Rent	1,656,670	-	1,656,670
Special events income	353,801	-	353,801
Investment income, net of fees	363,768	-	363,768
Miscellaneous	331,949	-	331,949
Total revenue and support	4,435,416	151,882	4,587,298
Net assets released from restrictions	32,675	(32,675)	-
Appropriation of endowment income	26,943	(26,943)	-
Total released from restrictions	59,618	(59,618)	-
Expenses:			
Program services:			
House	2,814,085	-	2,814,085
Supporting services:			
Management and general	600,440	-	600,440
Fundraising	292,929	-	292,929
Total expenses	3,707,454	-	3,707,454
Change in net assets before realized and unrealized gain and non-controlling interest	787,580	92,264	879,844
Net realized and unrealized gain on marketable securities	1,205,971	141,407	1,347,378
Non-controlling interest	11,032	-	11,032
Change in net assets attributable to controlling interest	2,004,583	233,671	2,238,254
Controlling interest in net assets, beginning of year	16,871,281	1,815,452	18,686,733
Controlling interest in net assets, end of year	$ 18,875,864	$ 2,049,123	$ 20,924,987

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Activities, Continued
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 943,381	$ 33,675	$ 977,056
Guest lodging	645,622	-	645,622
Rent	1,307,194	-	1,307,194
Special events income	303,046	-	303,046
Investment income, net of fees	331,319	-	331,319
Miscellaneous	3,546	-	3,546
Total revenue and support	3,534,108	33,675	3,567,783
Net assets released from restrictions	90,828	(90,828)	-
Appropriation of endowment income	25,687	(25,687)	-
Total released from restrictions	116,515	(116,515)	-
Expenses:			
Program services:			
House	2,449,232	-	2,449,232
Supporting services:			
Management and general	522,930	-	522,930
Fundraising	288,569	-	288,569
Total expenses	3,260,731	-	3,260,731
Change in net assets before realized and unrealized gain and non-controlling interest	389,892	(82,840)	307,052
Net realized and unrealized gain on marketable securities	682,541	101,839	784,380
Non-controlling interest	11,033	-	11,033
Change in net assets attributable to controlling interest	1,083,466	18,999	1,102,465
Controlling interest in net assets, beginning of year	15,787,815	1,796,453	17,584,268
Controlling interest in net assets, end of year	$ 16,871,281	$ 1,815,452	$ 18,686,733

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Functional Expenses
Year Ended June 30, 2024

	Program Services	Supporting Services		
	House	Management and General	Fundraising	Total
Community awareness	$ 19,703	$ -	$ -	$ 19,703
Insurance	43,599	4,233	-	47,832
Laundry	17,845	-	-	17,845
Marketing	138,897	90,569	2,996	232,462
Miscellaneous	41,828	1,327	-	43,155
Office expense	6,342	-	-	6,342
Postage	-	2,463	-	2,463
Printing and publications	-	3,612	6,271	9,883
Professional fees	30,147	86,706	-	116,853
Property taxes	7,000	-	-	7,000
Repairs and maintenance	428,594	4,379	-	432,973
Salaries and benefits	1,595,676	385,303	140,799	2,121,778
Special events	-	-	142,863	142,863
Staff development	14,740	4,341	-	19,081
Supplies	47,204	1,542	-	48,746
System support	48,602	8,102	-	56,704
Telephone and communication	20,519	88	-	20,607
Utilities	129,385	2,125	-	131,510
Waste disposal	13,271	-	-	13,271
	2,603,352	594,790	292,929	3,491,071
Depreciation	210,733	5,650	-	216,383
	$ 2,814,085	$ 600,440	$ 292,929	$ 3,707,454

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Functional Expenses, Continued
Year Ended June 30, 2023

	Program Services	Supporting Services		
	House	Management and General	Fundraising	Total
Community awareness	$ 13,196	$ -	$ -	$ 13,196
Insurance	37,973	4,046	-	42,019
Laundry	21,089	-	-	21,089
Marketing	129,653	108,815	23,075	261,543
Miscellaneous	40,922	1,227	-	42,149
Office expense	5,917	-	-	5,917
Postage	-	2,213	-	2,213
Printing and publications	-	2,978	3,699	6,677
Professional fees	19,811	20,178	-	39,989
Professional fees facility	4,350	-	-	4,350
Property taxes	7,034	-	-	7,034
Repairs and maintenance	297,521	-	-	297,521
Salaries and benefits	1,424,195	362,125	125,616	1,911,936
Special events	-	-	136,179	136,179
Staff development	8,566	4,271	-	12,837
Supplies	41,964	1,769	-	43,733
System support	21,391	7,398	-	28,789
Telephone communication	17,045	85	-	17,130
Utilities	127,553	2,175	-	129,728
Waste disposal	10,675	-	-	10,675
	2,228,855	517,280	288,569	3,034,704
Depreciation	220,377	5,650	-	226,027
	$ 2,449,232	$ 522,930	$ 288,569	$ 3,260,731

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 2,238,254	$ 1,102,465
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	216,383	226,027
Net realized and unrealized gain on marketable securities	(1,347,378)	(784,380)
Net investment income re-invested	(336,859)	(308,057)
Non-controlling interest	(11,032)	(11,033)
Changes in operating assets and liabilities:		
Accounts receivable	(614,778)	2,690
Pledges receivable, net	(117,210)	58,153
Prepaid expenses	(1,426)	8,425
Accounts payable	43,726	(1,503)
Accrued expenses	13,192	22,164
Deferred revenue	(3,080)	(4,920)
Deposits	(150)	30
Net cash provided by operating activities	79,642	310,061
Cash flows from investing activities:		
Purchase of marketable securities	-	(1,000,310)
Purchase of property and equipment	(252,730)	(129,241)
Net cash used in investing activities	(252,730)	(1,129,551)
Net change in cash and cash equivalents	(173,088)	(819,490)
Cash and cash equivalents, beginning of year	913,616	1,733,106
Cash and cash equivalents, end of year	$ 740,528	$ 913,616

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies:

Nature of Organization: Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary (collectively, the "Organization") provides housing to families of inpatients, same-day surgery patients, and outpatients who are undergoing continuing treatment at VCU Health, The Richmond VA Medical Center, Virginia Treatment Center for Children, Sheltering Arms Physical Rehabilitation Hospital, HealthSouth Medical Center, Children's Hospital of Richmond at VCU, and Retreat Hospital. Public support, special events, referral partner support, rents, and investment income are the primary sources of revenue and support.

Basis of Accounting: The consolidated financial statements include the accounts of The Doorways and its majority-owned subsidiary, 7th & Marshall Corporation. Significant intercompany transactions and balances have been eliminated in consolidation.

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

Basis of Presentation: The financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization. Donor-restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Bequest without donor restrictions are evaluated annually and may be board designated for long-term investment (quasi-endowment) as part of the operating reserve with the objective of setting funds aside to be drawn upon at a defined spend rate for the fund of up to 4% to support annual operating and capital needs or in the event of financial distress or immediate liquidity need.

Net assets with donor restrictions - net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

1. Summary of Significant Accounting Policies, Continued:

Cash Equivalents: For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges Receivable: Pledges receivable are recorded based on management's estimate of the amount of pledges that will actually be collected. Contributions pledged are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in assets with donor restrictions based upon the nature of the restrictions. When a restriction expires, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization uses the allowance method for estimates of uncollectible pledges and receivables. The allowance is based on historical collection rates and an analysis of individual pledges receivable. This analysis concluded that uncollectible pledges were not significant as of June 30, 2024 and June 30, 2023; accordingly, no provision was made for uncollectible amounts.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured pledges receivable. The Organization maintains its cash balances in financial institutions located in Richmond, Virginia. The balances in these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000, and the balances periodically exceed this amount. To reduce the exposure to uninsured balances, the Organization has opened an Insured Cash Sweep account. The ability to collect pledges receivable is affected by economic conditions in the Richmond metropolitan area of Virginia, the Organization's principal service area. At June 30, 2024, approximately 95% of pledges receivable were from three donors. At June 30, 2023, approximately 83% of pledges receivable were from two donors.

Investments: Investments in marketable securities are carried at fair value as determined by the investment managers. Unrealized gains and losses are included in the consolidated statements of activities. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain marketable securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the consolidated financial statements.

1. Summary of Significant Accounting Policies, Continued:

Property and Equipment: Land, buildings, furniture, fixtures and equipment are stated at cost at date of acquisition or fair market value at the date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. The costs of major improvements are capitalized while the costs of maintenance and repairs, which do not extend or improve the life of the respective property, are expensed currently. The cost and accumulated depreciation of property are eliminated from the accounts upon disposal, and any resulting gain or loss is included in the consolidated statements of activities.

Support and Revenue Recognition: Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is in substance unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions, if the restriction expires in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions. Revenue consists of contributions with and without donor restrictions, guest lodging income, special events income, joint venture reimbursement of expenses (rents), and investment income. Revenue is recognized at the point in time in which the lodging is provided, the reimbursable expense is incurred or the special events occurs. Accordingly, there are no revenue contract assets or liabilities recorded at June 30, 2024 and 2023 or July 1, 2022.

Non-Controlling Interest: The Organization follows FASB guidance related to non-controlling interests in consolidated financial statements. The guidance requires that a non-controlling ownership interest in subsidiaries held by parties other than the parent be clearly identified, labeled and presented in the consolidated statements of financial position within net assets, but separate from the parent's net assets. In addition, the standard requires that the amount of consolidated change in net assets attributable to the parent and the non-controlling interest be clearly identified and presented in the Organization's consolidated statements of activities.

Contributed Goods and Services: The Organization recognizes in its consolidated financial statements the value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if they had not been contributed. During 2024 and 2023, the value of contributed goods and services meeting this recognition criteria was insignificant to the consolidated financial statements and; therefore, not reflected in the accompanying consolidated financial statements. In addition, a number of unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these consolidated statements because the criteria for recognition under guidance provided by FASB related to accounting for contributions received and contributions made, had not been satisfied.

1. Summary of Significant Accounting Policies, Continued:

Income Taxes: The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: The cost of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Program service areas account for greater than 98% of the total square footage of the eight story, 117 guest room lodging facility. Following FASB guidance on management and general expense, depreciation and utilities are allocated based on square footage basis, and insurance is allocated based on a combination of square footage and type of coverage. Professional fees and repair and maintenance expenses are evaluated based on service provided and area(s) of the facility serviced. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position, time studies, or the population targeted and/or benefits received. Supplies and system support are allocated based on type of product, percentage of support staff utilization, service provided and/or equipment serviced. All other costs are evaluated on a per invoice basis to determine what functions have been served.

Advertising Expenses: The Organization expenses advertising costs as they are incurred. Advertising expense amounted to $164,758 for 2024 and $151,565 for 2023.

1. Summary of Significant Accounting Policies, Continued:

Use of Estimates: The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Future events and circumstances may alter those estimates.

Subsequent Events: Management has evaluated subsequent events through September 13, 2024, the date the consolidated financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

2. Pledges Receivable:

At June 30, 2024 and 2023, the Organization has recorded unconditional pledges receivable related to the operations of the Organization.

Unconditional promises to give are primarily from individuals and corporations located in the metropolitan Richmond area. As of June 30, 2024 and 2023, all pledges receivable were expected to be received within one year. Accordingly, there was no discount for 2024 or 2023.

3. Marketable Securities:

Marketable securities are stated at fair market value and consist of the following:

	June 30, 2024	
	Cost	Market Value
Cash and equivalents	$ 1,151,402	$ 1,151,402
Equity securities	5,478,620	9,159,314
Fixed income securities	4,073,998	4,019,283
Liquid alternative securities	420,886	502,202
	$ 11,124,906	$ 14,832,201

	June 30, 2023	
	Cost	Market Value
Cash and equivalents	$ 400,073	$ 400,073
Equity securities	5,300,601	7,745,299
Fixed income securities	4,516,361	4,445,658
Liquid alternative securities	520,113	556,934
	$ 10,737,148	$ 13,147,964

4. Property and Equipment:

Below is a summary of property and equipment and accumulated depreciation at June 30:

	2024	2023
Property and equipment:		
Land	$ 402,998	$ 402,998
Buildings and improvements	8,124,512	8,059,732
Furniture and equipment	238,587	245,740
Renovations in progress	281,789	93,841
	9,047,886	8,802,311
Accumulated depreciation:		
Buildings and improvements	3,933,315	3,727,602
Furniture and equipment	211,562	208,047
	4,144,877	3,935,649
Property and equipment, net	$ 4,903,009	$ 4,866,662

Depreciation expense amounted to $216,383 for 2024 and $226,027 for 2023.

5. Joint Venture:

In May 1995, The Doorways entered into a joint venture, 7th & Marshall Corporation (the “Venture”), with University Health Services, Inc. (“UHS”) to acquire the property and improvements located at 7th and Marshall Streets. Previously, this property was privately owned and occupied by The Doorways. As consideration for its interest in the Venture, UHS contributed $500,000 of capital that was used to pay the note payable issued at the time of the original purchase of the property.

The Doorways turned over the property at 7th and Marshall Streets to the Venture at a book value of approximately $2,400,000. The Venture agreement was renewed in 2003.

UHS reimburses The Doorways for 50% of the house expenses, which are recorded as rental income. The Venture has a six-member Board of Directors, three of whom are appointed by UHS and three of whom are appointed by The Doorways.

The agreement may be terminated by either party upon giving 36 months notice to the other party. Upon termination, purchase options at fair market value are available to either party, with UHS having a first right to purchase the property, 75.2% of which is owned by The Doorways.

6. Restrictions on Net Assets:

Net assets with donor restrictions were available for the following purposes at June 30:

	2024	2023
Time restricted	$ 149,885	$ 32,675
Unrealized gain for endowment	850,248	735,784
Donor restricted endowment funds - corpus	1,048,993	1,046,993
	$ 2,049,123	$ 1,815,452

Net assets with donor restrictions were released to satisfy the following restricted purposes:

	2024	2023
Released from time restrictions	$ 32,675	$ 46,000
Released from purpose restrictions (capital)	-	44,828
	$ 32,675	$ 90,828

7. Endowment Funds:

The Organization's endowment consists of two individually named funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("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 donor 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 the 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 portions of the donor-restricted endowment funds that are not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when those amounts appropriated for expenditure are disbursed in accordance with donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

7. Endowment Funds, Continued:

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

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment Investing and Spending Policies: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to earn at least 5%. Actual returns in any given year may vary from this amount.

Endowment Investing and Spending Policies, Continued: To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds for grant-making and administration. The current spending policy is to distribute the lesser of 50% of the five-year average total return or 4% of market value on the measurement date. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2024 and 2023. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

7. Endowment Funds, Continued:

Endowment net asset composition by type of fund was as follows as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	$ 1,281,000	$ -	$ 1,281,000
Accumulated investment gain	1,487,077	-	1,487,077
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,048,993	1,048,993
Accumulated investment gain	-	850,248	850,248
	$ 2,768,077	$ 1,899,241	$ 4,667,318

Changes in endowment net assets were as follows for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 2,423,376	$ 1,782,777	$ 4,206,153
Investment gain	425,863	141,407	567,270
New gifts	-	2,000	2,000
Appropriation of endowment income	(81,162)	(26,943)	(108,105)
Net assets, end of year	$ 2,768,077	$ 1,899,241	$ 4,667,318

Endowment net asset composition by type of fund was as follows as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	$ 1,281,000	$ -	$ 1,281,000
Accumulated investment gain	1,142,376	-	1,142,376
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,046,993	1,046,993
Accumulated investment gain	-	735,784	735,784
	$ 2,423,376	$ 1,782,777	$ 4,206,153

7. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 2,214,154	$ 1,705,625	$ 3,919,779
Investment gain	279,795	101,839	381,634
New gift	-	1,000	1,000
Appropriation of endowment income	(70,573)	(25,687)	(96,260)
Net assets, end of year	$ 2,423,376	$ 1,782,777	$ 4,206,153

8. Fair Value Measurements:

The Organization has adopted certain provisions of GAAP related to financial assets and liabilities and any other assets and liabilities that are carried at fair value on a recurring basis in the consolidated financial statements.

The guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability.

Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

8. Fair Value Measurements, Continued:

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions. The Organization did not have any assets or liabilities classified as Level 3 at June 30, 2024 and 2023.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets carried at fair value:

Marketable securities: Valued at the closing price of identical assets in active markets (mutual funds) or valued at the realizable cash value equivalent to the specific sum of money held in cash or money market funds (cash and equivalents).

Assets measured at fair value on a recurring basis at June 30, 2024 include the following:

	Level 1	Assets at Fair Value
Assets:		
Marketable securities:		
Cash and equivalents	$ 1,151,402	$ 1,151,402
Equity securities	9,159,314	9,159,314
Fixed income securities	4,019,283	4,019,283
Liquid alternative securities	502,202	502,202
Total assets at fair value	$ 14,832,201	$ 14,832,201

Assets measured at fair value on a recurring basis at June 30, 2023 include the following:

	Level 1	Assets at Fair Value
Assets:		
Marketable securities:		
Cash and equivalents	$ 400,073	$ 400,073
Equity securities	7,745,299	7,745,299
Fixed income securities	4,445,658	4,445,658
Liquid alternative securities	556,934	556,934
Total assets at fair value	$ 13,147,964	$ 13,147,964

9. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date as of June 30, comprise the following:

	2024	2023
Financial assets available within one year:		
Cash and cash equivalents	$ 740,528	$ 913,616
Accounts receivable	694,882	80,104
Annual fund pledges receivable in one year	149,885	32,675
Marketable securities	14,832,201	13,147,964
Total	16,417,496	14,174,359
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	1,899,238	1,782,777
Net assets with board designations	2,768,077	2,423,376
Total	4,667,315	4,206,153
Financial assets available in one year for general expenditure	$ 11,750,181	$ 9,968,206

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has approved the 2025 budget to include $435,000 in general investment appropriation in alignment with the investment spending policy.

Although the Organization does not intend to spend from board designated funds for general expenditures, these funds could be made available if necessary.

10. Retirement Plan:

The Organization adopted a 401(k) defined contribution salary deferral plan covering substantially all employees. Under the plan, the Organization makes a matching contribution in the amount of 100% of the elective contributions made by the participants up to the first 3% of compensation, and 50% of the next 2% of compensation. Retirement plan expense incurred by the Organization was $46,303 for 2024 and $39,336 for 2023.

11. Line of Credit:

The Organization has a $500,000 on-demand line of credit with a floating rate of the Ameribor Term-30 (AMBOR30T) plus 1.67%, subject to certain other covenants, conditions, and requirements and renewable annually. The line of credit is available to fund construction projects in advance of cash received from pledge payments related to the capital campaign. There were no borrowings on the line of credit during 2024 or 2023.

12. Commitments and Contingencies:

From time to time, the Organization may be involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

In June 2024, the Organization entered into a renewed three year agreement for television cable. The agreement requires monthly payments totaling $977. Future minimum payments under the agreement total $11,755 for each of 2025 and 2026, and $10,755 for 2027.

13. Employee Retention Credit (ERC):

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, provides for an Employee Retention Credit ("ERC") that is designed to encourage eligible employers to keep employees on their payroll despite experiencing an economic hardship related to COVID-19. The credit consists of a refundable payroll tax credit for 70% of wages paid by employers to employees for 2021 and 50% of wages paid by employers to employees for 2020. The Organization has accounted for the ERC in accordance with FASB ASC 958-605. The Organization applied for an ERC in the amount of $328,437 during 2024. The amount is recognized as miscellaneous support and revenue in the statement of activities and is included in accounts receivable for the year ended June 30, 2024.

Amounts receivable or received under the ERC program are subject to audit and adjustment by the Internal Revenue Service. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. It is management's belief that adjustments, if any, would not materially affect the Organization's financial position.