

THE DRAKE HOUSE, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2018
(With Comparative Totals for 2017)

Table of Contents

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6



Santi & Associates, PC
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
The Drake House, Inc.
Roswell, Georgia

We have audited the accompanying consolidated financial statements of The Drake House, Inc. (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Drake House, Inc. and Affiliate as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2017 consolidated financial statements of The Drake House, Inc. and Affiliate, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "J. J. [unclear] PC", is written over the typed name "J. J. [unclear] PC".

J. J. [unclear] PC
Alpharetta, Georgia
September 28, 2018

THE DRAKE HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2018
(With Comparative Totals for 2017)

Assets	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,368,771	\$ 924,718
Contributions receivable	100,323	70,253
Other receivables	13,150	10,262
Prepaid expenses	2,800	4,804
The Drake Closets inventory	59,140	55,405
Other current assets	<u>19,958</u>	<u>17,516</u>
Total current assets	<u>1,564,142</u>	<u>1,082,958</u>
Property and Equipment		
Property and equipment, net	<u>3,256,270</u>	<u>2,699,362</u>
Other Assets		
Assets in progress	-	12,900
Deposits	<u>8,070</u>	<u>9,570</u>
	<u>8,070</u>	<u>22,470</u>

Assets	\$ 4,828,482	\$ 3,804,790
---------------	---------------------	---------------------

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

Liabilities and Net Assets

	<u>2018</u>	<u>2017</u>
Current Liabilities		
Current portion of note payable	\$ 16,997	\$ -
Accounts payable	21,195	8,393
Accrued expenses	1,975	1,862
Other payables	4,900	7,941
Tenant savings	<u>12,746</u>	<u>15,231</u>
 Total current liabilities	 <u>57,813</u>	 <u>33,427</u>
 Long-Term Debt		
Note payable, less current portion and unamortized debt issuance costs	 <u>488,663</u>	 <u>1,001,340</u>
 Net Assets		
Unrestricted net assets	4,161,345	2,723,846
Temporarily restricted net assets	<u>120,661</u>	<u>46,177</u>
 Total net assets	 <u>4,282,006</u>	 <u>2,770,023</u>

Liabilities and Net Assets

\$ 4,828,482

\$ 3,804,790

THE DRAKE HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Total	
			2018	2017
Revenues, Grants, and Other Support				
Contributions	\$ 729,857	\$ 221,688	\$ 951,545	\$ 632,230
Grant revenue	782,883	236,724	1,019,607	213,905
Special events	278,795	-	278,795	232,797
The Drake Closets, net revenue	221,977	-	221,977	204,242
In-kind donations	337,597	-	337,597	14,159
Rental revenue, net	60,243	-	60,243	54,629
Investment income, net	8,084	-	8,084	4,496
Other revenue	1,324	-	1,324	1,387
Net assets released from restrictions	383,928	(383,928)	-	-
Total revenues, grants, and other support	2,804,688	74,484	2,879,172	1,357,845
Expenses and Losses				
Program services	1,118,433	-	1,118,433	900,194
Management and general	137,486	-	137,486	127,557
Fundraising	111,270	-	111,270	77,353
Total expenses and losses	1,367,189	-	1,367,189	1,105,104
Change in Net Assets	1,437,499	74,484	1,511,983	252,741
Net Assets, Beginning of Year	2,723,846	46,177	2,770,023	2,517,282
Net Assets, End of Year	\$ 4,161,345	\$ 120,661	\$ 4,282,006	\$ 2,770,023

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

THE DRAKE HOUSE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018				
	General Program Services	The Drake Closets	Total Program Services	Management & General	Fundraising
Salaries and related expenses	\$ 414,294	\$ 51,392	\$ 465,686	\$ 91,674	\$ 65,993
Payroll taxes and benefits	85,827	11,732	97,559	19,272	13,646
Contract labor	8,400	-	8,400	-	-
Supplies and office expenses	27,352	7,058	34,410	2,151	1,230
Advertising	23,255	3,295	26,550	1,829	1,045
Repairs and maintenance	31,336	3,658	34,994	2,465	1,408
Equipment rentals	3,812	543	4,355	300	171
Furnishings	-	429	429	-	-
Interest and financing costs	52,562	-	52,562	-	-
Utilities	36,075	20,852	56,927	2,837	1,621
Occupancy	-	101,366	101,366	-	-
Property taxes	10,401	270	10,671	818	468
Postage and delivery	1,211	29	1,240	95	55
Insurance	22,116	2,033	24,149	1,740	994
Travel	4,358	109	4,467	343	196
Printing	1,076	199	1,275	85	48
Professional fees	24,902	-	24,902	1,959	1,119
Special event expenses	-	-	-	-	16,465
Workshops	14,306	-	14,306	1,125	643
Membership and dues	911	-	911	72	41
Repaid rehousing funds	11,701	-	11,701	-	-
Depreciation	115,794	-	115,794	9,107	5,204
Miscellaneous	18,906	5,257	24,163	1,487	850
Loss on disposal of assets	1,616	-	1,616	127	73
	<u>\$ 910,211</u>	<u>\$ 208,222</u>	<u>\$ 1,118,433</u>	<u>\$ 137,486</u>	<u>\$ 111,270</u>

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

<u>Total</u>	
<u>2018</u>	<u>2017</u>
\$ 623,353	\$ 521,630
130,477	104,409
8,400	12,300
37,791	36,789
29,424	7,819
38,867	31,188
4,826	4,763
429	6,098
52,562	18,907
61,385	57,743
101,366	73,631
11,957	137
1,390	1,206
26,883	22,512
5,006	5,009
1,408	1,006
27,980	13,210
16,465	10,761
16,074	23,464
1,024	1,144
11,701	13,984
130,105	110,375
26,500	19,317
1,816	7,702
<u>\$ 1,367,189</u>	<u>\$ 1,105,104</u>

THE DRAKE HOUSE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash Flow from Operating Activities		
Change in net assets	\$ 1,511,983	\$ 252,741
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	130,105	110,375
Interest related to amortization of debt issuance costs	1,800	1,800
Loss on disposal of assets	1,816	7,702
Noncash contributions of property and equipment	(312,876)	(11,230)
(Increase) Decrease in:		
Contributions receivable	(30,070)	(70,253)
Grant receivable	-	50,000
Other receivables	(2,888)	(10,262)
Prepaid expenses	2,004	(2,204)
The Drake Closets inventory	(3,735)	(15,636)
Other current assets	(2,442)	(4,565)
Deposits	1,500	(4,980)
Increase (Decrease) in:		
Accounts payable	12,802	(1,147)
Accrued expenses	113	446
Other payables	(3,041)	7,941
Tenant savings	(2,485)	9,511
Net cash provided by operating activities	1,304,586	320,239
Cash Flow from Investing Activities		
Assets in progress	12,900	(12,900)
Purchase of property and equipment	(384,453)	(416,625)
Gross proceeds from sale of asset	8,500	-
Net cash used in investing activities	(363,053)	(429,525)
Cash Flow from Financing Activities		
Net payments on note payable	(497,480)	-
Net cash used in financing activities	(497,480)	-

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

	<u>2018</u>	<u>2017</u>
Net Increase (Decrease) in Cash and Cash Equivalents	444,053	(109,286)
Cash and Cash Equivalents at Beginning of Year	<u>924,718</u>	<u>1,034,004</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,368,771</u>	<u>\$ 924,718</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year ended June 30, 2018 was as follows:

Interest	<u>\$ 48,202</u>
----------	------------------

All interest incurred was expensed.

Noncash Investing and Financing Activities:

In-kind contributions:

Apartment improvements	\$ 176,589
Advertising	20,000
Clothing	179,227
Furniture and fixtures	4,721
Materials	19,037
Professional services	106,792
Vehicles	<u>10,458</u>

	<u>\$ 516,824</u>
--	-------------------

Property and equipment acquired through noncash contributions	<u>\$ 312,876</u>
---	-------------------

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Drake House, Inc. (the Organization) and The Drake Village, LLC (the Affiliate) is presented to assist in understanding the consolidated financial statements of the Organization and Affiliate. The consolidated financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

1. Nature of Organization

The Organization was incorporated under the laws of the State of Georgia on March 30, 2004. Its defined mission is to provide a lifeline of supportive housing and enrichment programs for homeless mothers and their children in north metro Atlanta, Georgia. The program is designed to create an environment that allows homeless families to be included in community life, exert greater control over their life circumstances, develop and exercise their competencies and talents, and experience personal security and self-respect. The Organization is an integral part of the community, facilitating financial security and housing stability.

The Drake Closets are retail outlets that provide residents with interview and work clothing, as well as sell quality used clothing and new and used jewelry to raise funds to support the mission of the Organization.

The Affiliate was incorporated under the laws of the State of Georgia on December 16, 2016. It is operated exclusively to further the charitable purpose of the Organization.

2. Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its *Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Under *FASB ASC 958*, the Organization and Affiliate are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted

Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted

Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted

Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

There were no permanently restricted net assets held during the period presented; and accordingly, these consolidated financial statements do not reflect any activity related to this class of net assets for the year ended June 30, 2018.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

3. 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

The Organization and Affiliate consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

5. Inventory

Inventory for The Drake Closets is stated at net realizable value at June 30, 2018.

6. Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally using the straight-line methods.

The estimated useful lives in determining depreciation are:

	<u>Years</u>
Buildings	31.5
Furniture and fixtures	7
Equipment	3 - 10
Vehicles	5
Software	3 - 5
Website design	3
Improvements	7 - 10

Expenditures for property and equipment and for improvements, which extend the original estimated economic life of the asset, exceeding \$2,000, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. When an asset is sold or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statement of activities.

Depreciation expense for the year ended June 30, 2018 was \$130,105.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

7. **Donated Services**

Many volunteers have made significant contributions of their time to develop and promote the programs of the Organization and Affiliate. The value of these donated services is not included in the accompanying consolidated financial statements, as such services do not create or enhance non-financial assets or require specialized skills.

8. **Functional Allocation of Expenses**

The costs of providing the program and supporting activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program and supporting services, based on their nature and purpose.

9. **Liability for Amounts Held for Others**

The Organization holds and manages investments, which belong to the tenants in the housing units. In accordance with *FASB ASC 958*, these investments have been reported as a liability for amounts held for others.

10. **Contributions**

In accordance with *FASB ASC 958*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Conditions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions, even if the restrictions expire in the fiscal year in which the contributions are recognized. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

11. **Income Taxes**

The Drake House, Inc. and The Drake Village, LLC, nonprofit organizations operating under Section 501(c)(3) of the Internal Revenue Code, are exempt from federal, state, and local income taxes; and accordingly, no provision for income taxes is included in the accompanying consolidated financial statements for the Organization and Affiliate.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and Affiliate and recognize a tax liability (or asset) if the Organization or Affiliate have taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service and Georgia Department of Revenue. Management has analyzed the tax positions taken by the Organization and Affiliate, and has concluded that as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Organization and Affiliate are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

12. **Advertising**

Advertising costs are expensed as incurred. Advertising expense, for the year ended June 30, 2018, was \$29,424.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

13. Prior Year Information

The consolidated financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended June 30, 2017, from which the summarized totals were derived. Certain reclassifications of prior year comparative totals have been made in order to conform to the current year presentation. These changes did not affect net assets.

14. Subsequent Events

Subsequent events have been evaluated through September 28, 2018, which is the date the consolidated financial statements were issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following on June 30, 2018:

Cash	\$ 1,235,364
Tenant savings	12,746
Restricted cash	<u>120,661</u>
	<u>\$ 1,368,771</u>

NOTE C – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The financial instruments of the Organization and Affiliate that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization and Affiliate maintain their cash deposits with highly rated financial institutions. At times, such deposits may be in excess of federally insured limits. At June 30, 2018, the Organization and Affiliate maintained \$805,802 in uninsured cash deposits. The Organization and Affiliate have not experienced any losses in such accounts and believe it is not exposed to any significant risk of loss.

NOTE D – CONTRIBUTIONS RECEIVABLE

During the year ended June 30, 2017, the Organization began a \$1,600,000 capital campaign to raise funds for the purchase of property, including sixteen apartment homes, and renovation of such property to provide additional housing to further promote the Organization’s mission of facilitating financial security and housing stability for homeless mothers and their children in north metro Atlanta, Georgia.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE D – CONTRIBUTIONS RECEIVABLE, continued

The Organization had total contributions of \$951,545 during the year ended June 30, 2018, and contributions receivable was \$100,323 at June 30, 2018.

Delinquent receivables are written off based on individual and specific circumstances as determined by management. The Organization and Affiliate consider receivables to be fully collectible. Accordingly, no allowance for uncollectible contributions has been provided.

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, 2018, is summarized as follows:

Buildings	\$ 2,957,564
Land	462,346
Improvements	357,420
Leasehold improvements	18,932
Furniture and fixtures	25,390
Equipment	91,136
Vehicles	3,193
Software	18,552
Website design	<u>4,827</u>
	3,939,360
Less accumulated depreciation	<u>(683,090)</u>
	<u><u>\$ 3,256,270</u></u>

NOTE F – NOTE PAYABLE

On February 14, 2017, the Affiliate entered into a \$1,012,500 note payable with Renasant Bank for the purchase of apartment buildings, which are used to provide supportive housing to families in need. Beginning on March 15, 2017, the note requires interest only payments for 24 consecutive months and bears interest at the U.S. prime rate as published in The Wall Street Journal plus a margin of .5% (5.5 % at June 30, 2018). Beginning on March 15, 2019, the note requires 10 consecutive principal and interest payments in the initial amount of \$6,569, bearing interest at the weekly average yield on U.S. treasury securities adjusted to a constant maturity of 3 years plus a 3.25% margin. The note will mature on January 15, 2020, which at that time all remaining principal and interest will become due. The note is secured by the financed apartment buildings. At June 30, 2018, the outstanding balance on this note payable was \$512,500.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE F – NOTE PAYABLE, continued

Note payable consists of the following at June 30, 2018:

Principal amount	\$ 512,500
Less: Unamortized debt issuance costs	<u>(6,840)</u>
Total debt	505,660
Less: current portion	<u>(16,997)</u>
	<u><u>\$ 488,663</u></u>

Future maturities of the note payable are as follows:

Year Ended <u>June 30,</u>	
2019	\$ 16,997
2020	<u>495,503</u>
	<u><u>\$ 512,500</u></u>

NOTE G – LINE OF CREDIT

On September 29, 2016, the Organization entered into a revolving line of credit agreement with State Bank and Trust Company for \$150,000. Borrowings under this agreement bear monthly interest at 4.65%. Balances outstanding are secured by real property, the apartment buildings, and substantially all equipment and fixtures located at these buildings. The line of credit will mature on September 29, 2018 and will not be renewed by the Organization. At June 30, 2018, there was no outstanding balance on this line of credit.

NOTE H – FUNDS HELD FOR OTHERS

The Organization has agreed to take receipt of funds to encourage its tenants to save while they reside in the provided housing. This is a voluntary contribution from the tenant with no restrictions on these funds. The Organization does not charge any fees associated with the savings, and it holds the money in a checking account. At June 30, 2018, the balance in this account was \$12,746.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE I – PENSION PLAN

On October 1, 2008, the Organization started and continues to maintain a Simplified Employee Pension (SEP) Plan. This plan allows employees who meet eligibility requirements to receive discretionary contributions from the Organization. For the year ended June 30, 2018, the Organization made discretionary contributions of \$36,032.

NOTE J – COMMITMENTS

The Organization has entered into operating leases in Roswell, Alpharetta, and Sandy Springs, Georgia for three locations of The Drake Closet. The monthly rental obligation for the Roswell location is \$2,500 on June 30, 2018 and will increase to \$2,700 in October 2018 and \$2,800 in October 2019 until its expiration in September 2020. The monthly rental obligation for the Alpharetta location is \$2,800 at June 30, 2018 and will continue through May 2019. The monthly rental obligation for the Sandy Springs location is \$2,976 at June 30, 2018 and will increase by 3% annually until its expiration in September 2021. Rent expense associated with these leases was \$101,366 for the year ended June 30, 2018.

The Organization entered into an operating lease for a copier. The terms of the operating lease include 60 monthly payments of \$139, beginning March 2017 and expiring February 2022. This agreement requires the Organization to pay executor costs (real estate taxes, insurance, and repairs).

Future minimum lease payments for these operating leases are as follows:

Year Ended	
<u>June 30,</u>	
2019	\$ 100,784
2020	72,579
2021	48,807
2022	<u>10,868</u>
	<u>\$ 233,038</u>

On August 17, 2017, the Organization entered into an agreement with HomeAid Atlanta for its assistance with the donation of goods and services needed to complete the renovation of one of the Organization's apartment complexes. The Organization was responsible for the financial requirements of the renovation project, with exception of the in-kind donations of labor and materials as received from HomeAid Atlanta during the renovation. The Organization incurred a proportionate share of insurance premiums for the renovation project, of which a total of \$5,362 was paid during the year ended June 30, 2018. The Organization additionally made a contribution to HomeAid Atlanta totaling \$10,726 during the year ended June 30, 2018. The HomeAid Atlanta renovation project was completed in full during the year ended June 30, 2018.

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE K – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following activities at June 30, 2018:

Temporarily Restricted Net Assets:	
After school program	\$ 19,248
Career coach	4,938
Certifications	10,000
Housing assistance	29,104
Life skills workshops	4,529
North Fulton Poverty Task Force	4,500
Technology	3,342
Van	45,000
	<hr/>
	\$ 120,661
	<hr/> <hr/>

NOTE L – NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the purposes of the following restrictions during the year ended June 30, 2018:

Released to Unrestricted:	
After school program	\$ 65,009
Career coach	26,170
Emergency assistance and housing	142,500
Funds facilities manager	6,972
Housing assistance	11,701
HVAC	3,419
Life skills workshops	1,762
Mass shelter	85,224
North Fulton Poverty Task Force	4,500
Playground and pavilion	27,769
Technology	1,658
Teen program	7,244
	<hr/>
	\$ 383,928
	<hr/> <hr/>

THE DRAKE HOUSE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

NOTE M – CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the Organization and Affiliate are consolidated since the Organization is the sole member of the Affiliate and both entities are controlled by the same management. All significant intercompany accounts and transactions have been eliminated upon consolidation.