

THE DRAKE HOUSE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**Year Ended June 30, 2021
(With Comparative Totals for 2020)**

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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 financial statements of The Drake House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Drake House, Inc. as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the 2020 financial statements of The Drake House, Inc., and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Gentry & Associates, PC". The signature is fluid and cursive.

Alpharetta, Georgia
September 8, 2021

THE DRAKE HOUSE, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With Comparative Totals for 2020)

Assets	<u>2021</u>	<u>2020</u>
Current Assets		
Cash, cash equivalents, and restricted cash	\$ 1,513,154	\$ 1,579,983
Contributions receivable	12,666	39,866
Grants receivable	132,392	-
Other receivables	68,100	28,734
The Drake Closets inventory	49,417	55,984
Other current assets	<u>38,929</u>	<u>36,665</u>
Total current assets	<u>1,814,658</u>	<u>1,741,232</u>
Property and Equipment		
Property and equipment, net	<u>3,394,033</u>	<u>3,417,694</u>
Other Assets		
Deposits	<u>9,180</u>	<u>11,170</u>
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Assets	\$ 5,217,871	\$ 5,170,096

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

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
Current Liabilities		
Paycheck Protection Program (PPP) loan	\$ -	\$ 174,862
Accounts payable	39,358	113,511
Accrued expenses	1,551	879
Other payables	14,169	6,000
Tenant savings	13,780	13,575
	<u>68,858</u>	<u>308,827</u>
Net Assets		
Without donor restrictions	4,911,707	4,830,040
With donor restrictions	237,306	31,229
	<u>5,149,013</u>	<u>4,861,269</u>

Liabilities and Net Assets	\$ 5,217,871	\$ 5,170,096
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THE DRAKE HOUSE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Revenues, Grants, and Other Support				
Contributions	\$ 592,605	\$ 215,916	\$ 808,521	\$ 921,146
Grant revenue	61,781	249,500	311,281	251,646
Special events	429,826	-	429,826	345,263
The Drake Closets, net revenue	140,994	-	140,994	170,145
In-kind donations	72,296	-	72,296	25,238
Rental revenue, net	111,045	-	111,045	118,239
Investment income, net	3,781	-	3,781	7,652
Forgiveness of PPP loan	174,862	-	174,862	-
Other revenue	-	33,900	33,900	-
	<u>1,587,190</u>	<u>499,316</u>	<u>2,086,506</u>	<u>1,839,329</u>
Net assets released from restrictions:				
Satisfaction of donor restrictions	3,060	(3,060)	-	-
Satisfaction of program restrictions	<u>290,179</u>	<u>(290,179)</u>	<u>-</u>	<u>-</u>
	<u>293,239</u>	<u>(293,239)</u>	<u>-</u>	<u>-</u>
Total revenues, grants, and other support	<u>1,880,429</u>	<u>206,077</u>	<u>2,086,506</u>	<u>1,839,329</u>
Expenses and Losses				
Program services	1,512,364	-	1,512,364	1,405,642
Management and general	142,243	-	142,243	122,932
Fundraising	<u>144,155</u>	<u>-</u>	<u>144,155</u>	<u>97,631</u>
Total expenses and losses	<u>1,798,762</u>	<u>-</u>	<u>1,798,762</u>	<u>1,626,205</u>
Change in Net Assets	81,667	206,077	287,744	213,124
Net Assets, Beginning of Year	<u>4,830,040</u>	<u>31,229</u>	<u>4,861,269</u>	<u>4,648,145</u>
Net Assets, End of Year	<u>\$ 4,911,707</u>	<u>\$ 237,306</u>	<u>\$ 5,149,013</u>	<u>\$ 4,861,269</u>

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

THE DRAKE HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021				
	General Program Services	The Drake Closets	Total Program Services	Management & General	Fundraising
Salaries and related expenses	\$ 610,368	\$ 60,285	\$ 670,653	\$ 92,443	\$ 75,219
Payroll taxes and benefits	118,031	10,562	128,593	17,583	14,565
Contract labor	15,105	-	15,105	-	-
Supplies and office expenses	100,910	3,660	104,570	5,545	4,435
Advertising	5,862	7,502	13,364	322	258
Repairs and maintenance	81,553	1,222	82,775	4,481	3,585
Equipment rentals	3,114	4,244	7,358	171	138
Furnishings and fixtures	4,614	2,387	7,001	254	203
Interest and financing costs	-	-	-	-	-
Utilities	52,925	16,251	69,176	2,908	2,326
Occupancy	-	123,459	123,459	-	-
Property and other taxes	141	336	477	8	6
Postage and delivery	993	-	993	55	43
Insurance	30,033	617	30,650	1,650	1,320
Travel	564	40	604	31	25
Printing	3,332	996	4,328	183	147
Professional fees	29,224	-	29,224	1,606	1,285
Special event expenses	-	-	-	-	32,761
Workshops	34,386	-	34,386	5,260	-
Membership and dues	2,794	-	2,794	153	123
Contributions	6,496	-	6,496	-	-
Depreciation	160,319	-	160,319	8,809	7,046
Miscellaneous	9,714	1,321	11,035	781	670
Bad debt	-	-	-	-	-
Loss on disposal of assets	9,004	-	9,004	-	-
	<u>\$ 1,279,482</u>	<u>\$ 232,882</u>	<u>\$ 1,512,364</u>	<u>\$ 142,243</u>	<u>\$ 144,155</u>

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

Total

<u>2021</u>	<u>2020</u>
\$ 838,315	\$ 728,673
160,741	144,637
15,105	10,400
114,550	78,169
13,944	18,663
90,841	56,727
7,667	5,755
7,458	14,440
-	36
74,410	78,515
123,459	112,176
491	149
1,091	982
33,620	32,270
660	3,331
4,658	932
32,115	51,763
32,761	7,217
39,646	40,061
3,070	1,190
6,496	12,076
176,174	164,510
12,486	29,729
-	22,541
9,004	11,263
<u>\$ 1,798,762</u>	<u>\$ 1,626,205</u>

THE DRAKE HOUSE, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash Flow from Operating Activities		
Change in net assets	\$ 287,744	\$ 213,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	176,174	164,510
Loss on disposal of assets	9,004	11,263
Noncash contributions of property and equipment	(69,806)	(11,263)
(Increase) Decrease in:		
Contributions receivable	27,200	49,582
Grants receivable	(132,392)	70,791
Other receivables	(39,366)	(8,984)
The Drake Closets inventory	6,567	19,245
Other current assets	(2,264)	(24,739)
Deposits	1,990	700
Increase (Decrease) in:		
PPP loan	(174,862)	-
Accounts payable	(74,153)	102,179
Accrued expenses	672	(1,311)
Other payables	8,169	(1,200)
Tenant savings	205	5,407
Net cash provided by operating activities	24,882	589,304
Cash Flow from Investing Activities		
Purchase of property and equipment	(91,711)	(144,460)
Net cash used in investing activities	(91,711)	(144,460)
Cash Flow from Financing Activities		
Net proceeds from note payable	-	174,862
Net cash provided by financing activities	-	174,862

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

	<u>2021</u>	<u>2020</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(66,829)	619,706
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,579,983</u>	<u>960,277</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 1,513,154</u>	<u>\$ 1,579,983</u>

Supplemental Disclosures of Cash Flow Information

Noncash Investing and Financing Activities:

In-kind contributions:

Clothing and accessories	\$ 119,106
Improvements	50,000
Equipment	14,250
Vehicle	<u>8,046</u>
	<u>\$ 191,402</u>

Property and equipment acquired through noncash contributions	<u>\$ 69,806</u>
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Forgiveness of PPP loan	<u>\$ 174,862</u>
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THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Drake House, Inc. (the Organization) is presented to assist in understanding the financial statements of the Organization. The 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.

2. Basis of Presentation

The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. ASC 958 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two classes of net assets. A description of the two classes of net assets follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to or are no longer subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions

Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor-restricted contributions as with donor restrictions even if those donor restrictions were met in the year the contributions were received.

THE DRAKE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 financial statements and accompanying notes. Actual results could differ from those estimates.

4. **Cash and Cash Equivalents**

The Organization considers 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, 2021.

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 statement of activities.

Depreciation expense, for the year ended June 30, 2021, was \$176,174.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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. The value of these donated services is not included in the accompanying 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 statement of activities. Accordingly, certain costs have been allocated among program and supporting services, based on their nature and purpose, while other costs are directly charged to the functions they benefit. Expenses have been classified based on actual direct expenditures and cost allocations based on estimates made by the Organization.

9. **Liabilities for Amounts Held for Others**

The Organization holds and manages cash, which belongs to the tenants in the housing units. In accordance with *FASB ASC 958*, this cash has been reported as a liability for amounts held for others.

The Organization acts as a fiscal agent for the North Fulton Poverty Task Force (NFPTF) and holds and manages cash, which belongs to the NFPTF. In accordance with *FASB ASC 958*, this cash has been reported as a liability for amounts held for others.

10. **Contributions and Other Revenues**

Unconditional contributions and special grants, those that do not include a measurable performance-related or other barrier or are those in which the Organization has limited discretion over how the contribution should be spent, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Contributions, that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent and a right of return or release from future obligations exists, are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets with donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of property and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Rental income from The Drake Village program participants is recorded as earned under existing rental agreements designed to improve participant rental history and credit. Rental terms are annual with existing options for a twelve-month renewal.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

11. Advertising

Advertising costs are expensed as incurred. Advertising expense, for the year ended June 30, 2021, was \$13,944.

12. Prior Year Information

The 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 financial statements for the year ended June 30, 2020, from which the summarized totals were derived.

13. Income Taxes

The Organization, a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal, state, and local income taxes; and accordingly, no provision for income taxes is included in the accompanying financial statements for the Organization.

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 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 has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

14. Subsequent Events

Subsequent events have been evaluated through September 8, 2021, which is the date the financial statements were available to be issued.

15. New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires the recognition of lease assets (right-of-use assets) and lease liabilities (for lease payments) by lessees for those leases classified as operating leases under previous U.S. GAAP. Amendments in this ASU delay the effective date for non-public and not-for-profit entities to fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Organization has not elected to early adopt this guidance and is currently evaluating the impact of this pronouncement.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash and cash equivalents	\$ 1,262,068
Cash and cash equivalents comprised of tenant savings	13,780
Restricted cash	<u>237,306</u>
	<u>\$ 1,513,154</u>

NOTE C – FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The financial instruments of the Organization that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization maintains its cash deposits with highly rated financial institutions. At times, such deposits may be in excess of federally insured limits. At June 30, 2021, the Organization maintained \$859,915 in uninsured cash deposits. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant risk of loss.

NOTE D – CONTRIBUTIONS AND 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. Contributions receivable remaining outstanding from this capital campaign was \$12,666 at June 30, 2021.

The Organization had total contributions of \$808,521 during the year ended June 30, 2021, and contributions receivable was \$12,666 at June 30, 2021.

Delinquent receivables are written off based on individual and specific circumstances as determined by management. The Organization considers receivables to be fully collectible. Accordingly, no allowance for uncollectible contributions has been provided. There was no bad debt expense for the year ended June 30, 2021.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, 2021, is summarized as follows:

Buildings	\$ 2,957,564
Land	462,346
Improvements	864,307
Leasehold improvements	62,508
Furniture and fixtures	25,390
Equipment	80,078
Vehicles	44,426
Software	30,312
Website design	10,827
	<hr/>
	4,537,758
Less accumulated depreciation	(1,143,725)
	<hr/>
	\$ 3,394,033

NOTE F – FUNDS HELD FOR OTHERS

The Organization has agreed to take receipt of funds to encourage its tenants to save while they reside in the program's 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 non-interest bearing checking account. At June 30, 2021, the balance in this account was \$13,780.

The Organization has agreed to act as a fiscal agent for the NFPTF and does not charge any fees associated with this service. It holds the money for NFPTF in a checking account. At June 30, 2021, the balance in this account was \$5,169.

NOTE G – PAYCHECK PROTECTION PROGRAM LOAN

In response to the coronavirus (COVID-19) pandemic, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020 and the Paycheck Protection Program (PPP) and Health Care Enhancement Act (the Enhancement Act) on April 24, 2020. Under the PPP, as part of the CARES Act and Enhancement Act, the U.S. government has authorized forgivable loans to small businesses and nonprofit entities to pay their employees during the COVID-19 pandemic. On April 27, 2020, the Organization received a PPP loan for \$174,862. The loan was scheduled to mature on April 27, 2022 and had monthly principal and interest payments of \$2,924, set to begin on August 12, 2021, with remaining principal and accrued interest due on maturity. Interest was calculated on the unpaid principal balance using an interest rate of 1% per annum. This loan was formally forgiven in May 2021.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H – 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 was \$1,957 on June 30, 2021 and will increase by 3% annually until its expiration in May 2025. The monthly rental obligation for the Alpharetta location was \$3,914 at June 30, 2021 and will increase by 3% annually until its expiration in July 2024. The monthly rental obligation for the Sandy Springs location is \$3,252 at June 30, 2021 and will expire in November 2021. Rent expense associated with these leases was \$123,459 for the year ended June 30, 2021.

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	
June 30,	
2022	\$ 82,671
2023	73,959
2024	76,173
2025	<u>27,795</u>
	<u>\$ 260,598</u>

On March 31, 2021, the Organization entered into an agreement with HomeAid Atlanta for its assistance with the donation of goods and services needed to complete plumbing repairs and restoration at two of the Organization's apartment buildings. The Organization is responsible for the financial requirements of the repair and restoration project, which is estimated at \$57,628, with exception of the in-kind donations of labor and materials as received from HomeAid Atlanta during the project. The project is expected to be completed during the year ended June 30, 2022.

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, 2021, the Organization made discretionary contributions of \$39,406.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2021:

Subject to expenditure for specified purpose:	
Administration	\$ 1,000
After school program	23,059
Capital improvements	137,649
Career coach	17,729
Case management	20,000
Facilities maintenance	5,298
Housing assistance	13,996
Life skills workshops	2,339
Mental health	1,490
Scholarships and certifications	9,340
Teen program	<u>5,406</u>
Total net assets with donor restrictions	<u>\$ 237,306</u>

NOTE K – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during the year ended June 30, 2021 are as follows:

Purpose restrictions accomplished:	
Administration	\$ 1,000
After school program	122,928
Capital improvements	3,000
Career coach	32,451
Case management	20,000
Facilities maintenance	19,702
Homelessness rapid rehousing	72,500
Housing assistance	5,275
Life skills workshops	219
Mental health	6,510
Scholarships and certifications	60
Teen program	<u>9,594</u>
	<u>\$ 293,239</u>

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to manage its liquidity by structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has maintained sufficient reserves that are invested in money market and certificate of deposit accounts. To help manage unanticipated liquidity needs, the Organization could open a committed line of credit, which it could draw upon.

The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows:

Cash, cash equivalents, and restricted cash	\$ 1,513,154
Contributions receivable	12,666
Grants receivable	132,392
Other receivables	68,100
The Drake Closets inventory	49,417
Other current assets	<u>38,929</u>
Total financial assets	1,814,658
Less amounts unavailable for general expenditures within one year:	
Donor imposed restrictions	<u>(237,306)</u>
	<u>\$ 1,577,352</u>

NOTE M – SUBSEQUENT EVENTS

As a result of the coronavirus (COVID-19) pandemic, economic uncertainties have arisen which could potentially have a negative impact on the future performance of the Organization, though the potential impact is currently unknown.

The Organization determined that there were no other subsequent event matters that require disclosure in the financial statements.