

THE DRAKE HOUSE, INC.

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

**Year Ended June 30, 2022
(With Comparative Totals for 2021)**

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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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Drake House, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Drake House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Drake House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Drake House, Inc.'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.

Report on Summarized Comparative Information

We have previously audited The Drake House, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Alpharetta, Georgia
October 17, 2022

THE DRAKE HOUSE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash, cash equivalents, and restricted cash	\$ 1,756,460	\$ 1,513,154
Contributions receivable	-	12,666
Grants receivable	4,558	132,392
Other receivables	18,160	68,100
The Drake Closets inventory	76,966	49,417
Other current assets	<u>25,346</u>	<u>38,929</u>
Total current assets	<u>1,881,490</u>	<u>1,814,658</u>
Property and Equipment		
Property and equipment, net	<u>3,733,276</u>	<u>3,394,033</u>
Other Assets		
Deposits	<u>14,939</u>	<u>9,180</u>
Assets	<u>\$ 5,629,705</u>	<u>\$ 5,217,871</u>

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

Liabilities and Net Assets		
	2022	2021
Current Liabilities		
Accounts payable	\$ 20,515	\$ 39,358
Accrued expenses	3,295	1,551
Other payables	15,128	14,169
Tenant savings	23,377	13,780
Total current liabilities	62,315	68,858
Net Assets		
Without donor restrictions	5,352,730	4,911,707
With donor restrictions	214,660	237,306
Total net assets	5,567,390	5,149,013

Liabilities and Net Assets	\$ 5,629,705	\$ 5,217,871
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THE DRAKE HOUSE, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With</u> <u>Donor</u> <u>Restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Revenues, Grants, and Other Support				
Contributions	\$ 900,391	\$ 185,450	\$ 1,085,841	\$ 808,521
Grant revenue	13,781	162,163	175,944	311,281
Special events	512,057	-	512,057	429,826
The Drake Closets, net revenue	271,946	-	271,946	140,994
In-kind donations	325,118	-	325,118	72,296
Rental revenue, net	134,432	-	134,432	111,045
Investment income, net	2,135	-	2,135	3,781
Forgiveness of PPP loan	-	-	-	174,862
Other revenue	-	17,227	17,227	33,900
	<u>2,159,860</u>	<u>364,840</u>	<u>2,524,700</u>	<u>2,086,506</u>
Net assets released from restrictions:				
Satisfaction of donor restrictions	172,872	(172,872)	-	-
Satisfaction of program restrictions	214,614	(214,614)	-	-
	<u>387,486</u>	<u>(387,486)</u>	<u>-</u>	<u>-</u>
Total revenues, grants, and other support	<u>2,547,346</u>	<u>(22,646)</u>	<u>2,524,700</u>	<u>2,086,506</u>
Expenses and Losses				
Program services	1,791,321	-	1,791,321	1,512,364
Management and general	167,236	-	167,236	142,243
Fundraising	147,766	-	147,766	144,155
Total expenses and losses	<u>2,106,323</u>	<u>-</u>	<u>2,106,323</u>	<u>1,798,762</u>
Change in Net Assets	441,023	(22,646)	418,377	287,744
Net Assets, Beginning of Year	<u>4,911,707</u>	<u>237,306</u>	<u>5,149,013</u>	<u>4,861,269</u>
Net Assets, End of Year	<u>\$ 5,352,730</u>	<u>\$ 214,660</u>	<u>\$ 5,567,390</u>	<u>\$ 5,149,013</u>

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

THE DRAKE HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	2022				
	General Program Services	The Drake Closets	Total Program Services	Management & General	Fundraising
Salaries and related expenses	\$ 667,193	\$ 80,443	\$ 747,636	\$ 105,984	\$ 91,300
Payroll taxes and benefits	130,183	4,223	134,406	17,609	18,043
Contract labor	12,000	-	12,000	-	-
Supplies and office expenses	150,351	6,770	157,121	10,023	6,682
Advertising	7,423	3,672	11,095	495	330
Repairs and maintenance	69,485	11,368	80,853	3,818	3,054
Equipment rentals	3,851	1,886	5,737	212	169
Furnishings and fixtures	-	307	307	-	-
Utilities	70,406	13,433	83,839	4,694	3,129
Occupancy	16,177	123,806	139,983	1,079	719
Property and other taxes	-	236	236	-	-
Postage and delivery	1,462	38	1,500	97	65
Insurance	31,821	-	31,821	2,121	1,414
Travel	1,021	289	1,310	68	45
Printing	2,401	241	2,642	160	107
Professional fees	17,793	-	17,793	1,186	791
Special event expenses	-	-	-	-	12,760
Workshops	88,022	-	88,022	5,954	-
Membership and dues	347	-	347	23	15
Contributions	4,331	-	4,331	-	-
Depreciation	177,223	-	177,223	11,815	7,877
Miscellaneous	28,474	807	29,281	1,898	1,266
Bad debt	42,666	-	42,666	-	-
Loss on disposal of assets	1,979	19,193	21,172	-	-
	<u>\$ 1,524,609</u>	<u>\$ 266,712</u>	<u>\$ 1,791,321</u>	<u>\$ 167,236</u>	<u>\$ 147,766</u>

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

Total	
2022	2021
\$ 944,920	\$ 838,315
170,058	160,741
12,000	15,105
173,826	114,550
11,920	13,944
87,725	90,841
6,118	7,667
307	7,458
91,662	74,410
141,781	123,459
236	491
1,662	1,091
35,356	33,620
1,423	660
2,909	4,658
19,770	32,115
12,760	32,761
93,976	39,646
385	3,070
4,331	6,496
196,915	176,174
32,445	12,486
42,666	-
21,172	9,004
<u>\$ 2,106,323</u>	<u>\$ 1,798,762</u>

THE DRAKE HOUSE, INC.

STATEMENT OF CASH FLOWS

**Year Ended June 30, 2022
(With Comparative Totals for 2021)**

	2022	2021
Cash Flow from Operating Activities		
Change in net assets	\$ 418,377	\$ 287,744
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	196,915	176,174
Loss on disposal of assets	21,172	9,004
Noncash contributions of property and equipment	(325,118)	(69,806)
(Increase) Decrease in:		
Contributions receivable	12,666	27,200
Grants receivable	127,834	(132,392)
Other receivables	49,940	(39,366)
The Drake Closets inventory	(27,549)	6,567
Other current assets	13,583	(2,264)
Deposits	(5,759)	1,990
Increase (Decrease) in:		
PPP loan	-	(174,862)
Accounts payable	(18,843)	(74,153)
Accrued expenses	1,744	672
Other payables	959	8,169
Tenant savings	9,597	205
Net cash provided by operating activities	475,518	24,882
Cash Flow from Investing Activities		
Purchase of property and equipment	(232,212)	(91,711)
Net cash used in investing activities	(232,212)	(91,711)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	243,306	(66,829)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,513,154	1,579,983
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,756,460	\$ 1,513,154

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

Supplemental Disclosures of Cash Flow Information

Noncash Investing and Financing Activities:

In-kind contributions:

Improvements

\$ 287,451

Equipment

37,667

\$ 325,118

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022

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, 2022.

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, 2022, was \$196,915.

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, 2022

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, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

11. Advertising

Advertising costs are expensed as incurred. Advertising expense, for the year ended June 30, 2022, was \$11,920.

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, 2021, 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, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

14. Subsequent Events

Subsequent events have been evaluated through October 17, 2022, 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. This new standard is expected to have a significant effect on the Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note G, that will be reported on the statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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	\$ 1,515,456
Cash and cash equivalents comprised of tenant savings	23,377
Cash and cash equivalents comprised of NFPTF funds	2,967
Restricted cash	<u>214,660</u>
	<u>\$ 1,756,460</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, 2022, the Organization maintained \$1,081,025 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

The Organization had total contributions of \$1,085,841 during the year ended June 30, 2022, and there was no contributions receivable outstanding at June 30, 2022.

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. Bad debt expense was \$42,666 for the year ended June 30, 2022.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment, as of June 30, 2022, is summarized as follows:

Buildings	\$ 2,960,975
Land	462,345
Improvements	1,325,686
Leasehold improvements	31,690
Furniture and fixtures	24,200
Equipment	126,898
Vehicles	44,426
Software	30,312
Website design	10,827
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	5,017,359
Less accumulated depreciation	(1,284,083)
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	<u>\$ 3,733,276</u>

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, 2022, the balance in this account was \$23,377.

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, 2022, the balance in this account was \$2,967.

NOTE G – 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 \$4,782 on June 30, 2022 and will increase by 3% annually until its expiration in August 2026. The monthly rental obligation for the Alpharetta location was \$4,031 at June 30, 2022 and will increase by 3% annually until its expiration in July 2024. The monthly rental obligation for the Sandy Springs location is \$3,349 at June 30, 2022 and will expire in March 2025.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE G – COMMITMENTS, continued

The Organization has entered into an operating lease for its administrative office. The monthly rental obligation was \$3,500 on June 30, 2022 and will increase by 3% annually until its expiration in February 2027.

Rent expense associated with these leases was \$141,781 for the year ended June 30, 2022.

The Organization entered into operating leases for two copiers. The terms of the operating leases include 60 monthly payments of \$139 and \$100 and expire September 2026 and April 2027, respectively. These agreements require 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>	
2023	\$ 193,000
2024	198,531
2025	144,785
2026	111,513
2027	<u>43,570</u>
	<u><u>\$ 691,399</u></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 was responsible for the financial requirements of the repair and restoration project, with exception of the in-kind donations of labor and materials, which totaled \$287,451 for the year ended June 30, 2022, as received from HomeAid Atlanta during the project. The project was completed during the year ended June 30, 2022.

NOTE H – 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, 2022, the Organization made discretionary contributions of \$38,638.

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2022:

Subject to expenditure for specified purpose:	
After school program	\$ 80,023
Career coach	33,830
Case management	11,339
Facilities maintenance	11,772
Housing assistance	40,589
Life skills workshops	19,519
Scholarships and certifications	8,990
Technology	6,208
Well being	2,390
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Total net assets with donor restrictions	<u>\$ 214,660</u>

NOTE J – 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, 2022 are as follows:

Purpose restrictions accomplished:	
Administration	\$ 5,500
After school program	83,970
Capital improvements	154,876
Career coach	18,899
Case management	18,120
Facilities maintenance	19,787
Housing assistance	48,222
Life skills workshops	2,020
Scholarships and certifications	4,204
Technology	13,792
Teen program	5,406
Well being	12,690
	<hr/>
	<u>\$ 387,486</u>

THE DRAKE HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE K – 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	\$ 1,756,460
Grants receivable	4,558
Other receivables	18,160
The Drake Closets inventory	76,966
Other current assets	<u>25,346</u>
Total financial assets	1,881,490
Less amounts unavailable for general expenditures within one year:	
Donor imposed restrictions	<u>(214,660)</u>
	<u>\$ 1,666,830</u>

NOTE L – 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.