

CARPENTER'S SHELTER

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Carpenter's Shelter

We have audited the accompanying financial statements of **Carpenter's Shelter** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 **Carpenter's Shelter** as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses with federal Form 990 reconciliation on Page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kositzka, Wicks and Company

Alexandria, Virginia
January 14, 2021

Carpenter's Shelter

Statements of Financial Position June 30,

2020**2019****Assets****Current assets**

Cash and cash equivalents	\$ 611,679	\$ 428,918
Restricted cash - residents' account	8,307	6,993
Grants receivable	84,028	30,798
Contributions receivable, short-term	112,765	286,022
Certificates of deposit	132,292	130,243
Investments	3,983,489	3,082,919
Prepaid expenses	35,284	28,411
	<u>4,967,844</u>	<u>3,994,304</u>

Noncurrent assets

Contributions receivable, long-term	-	109,903
Future Shelter cost, prepaid	5,214,043	5,214,043
Property and equipment, net accumulated depreciation	130,902	668,166
	<u>5,344,945</u>	<u>5,992,112</u>
Total assets	<u>\$ 10,312,789</u>	<u>\$ 9,986,416</u>

Liabilities and net assets**Current liabilities**

Accounts payable	\$ 18,324	\$ 5,630
Accrued salaries and benefits	107,721	103,393
SBA Paycheck Protection Program loan	230,700	-
Residents' account	8,307	6,993
Total liabilities	<u>365,052</u>	<u>116,016</u>

Net assets

Without donor restrictions	9,814,292	9,428,795
With donor restrictions	133,445	441,605
Total net assets	<u>9,947,737</u>	<u>9,870,400</u>
Total liabilities and net assets	<u>\$ 10,312,789</u>	<u>\$ 9,986,416</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Statement of Activities for the year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions	\$ 2,004,127	\$ -	\$ 2,004,127
Donated services, meals and materials	231,287	-	231,287
Grants			
Federal shelter support	249,821	-	249,821
State shelter support	916,836	-	916,836
Local shelter support	206,797	-	206,797
Investment loss, net	(8,705)	-	(8,705)
Net assets released from restrictions	308,160	(308,160)	-
	<u>3,908,323</u>	<u>(308,160)</u>	<u>3,600,163</u>
Expenses			
Shelter services	2,145,073	-	2,145,073
Management and general	278,852	-	278,852
Fundraising	482,528	-	482,528
	<u>2,906,453</u>	<u>-</u>	<u>2,906,453</u>
Net change in net assets from operating activities	1,001,870	(308,160)	693,710
Other expense			
Depreciation - temporary location	(616,373)	-	(616,373)
Change in net assets	385,497	(308,160)	77,337
Net assets, beginning of year	9,428,795	441,605	9,870,400
Net assets, end of year	<u>\$ 9,814,292</u>	<u>\$ 133,445</u>	<u>\$ 9,947,737</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Statement of Activities for the year ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions	\$ 1,202,567	\$ 775,531	\$ 1,978,098
Donated services and meals	201,745	-	201,745
Grants			
State shelter support	662,877	-	662,877
Other	167,115	25,000	192,115
Investment income, net	109,991	-	109,991
Special events, net direct expenses of \$31,843	72,839	-	72,839
Net assets released from restrictions	506,876	(506,876)	-
	<u>2,924,010</u>	<u>293,655</u>	<u>3,217,665</u>
Expenses			
Shelter services	1,605,018	-	1,605,018
Management and general	254,364	-	254,364
Fundraising	469,471	-	469,471
	<u>2,328,853</u>	<u>-</u>	<u>2,328,853</u>
Net change in net assets from operating activities	595,157	293,655	888,812
Other income and expense			
Gain on sale of building	4,003,901	-	4,003,901
Depreciation - temporary location	(652,630)	-	(652,630)
	<u>3,351,271</u>	<u>-</u>	<u>3,351,271</u>
Change in net assets	3,946,428	293,655	4,240,083
Net assets, beginning of year	5,482,367	147,950	5,630,317
Net assets, end of year	<u>\$ 9,428,795</u>	<u>\$ 441,605</u>	<u>\$ 9,870,400</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Statement of Functional Expenses for the year ended June 30, 2020

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ -	\$ 38,430	\$ -	\$ 38,430
Banking and credit card fees	-	-	8,961	8,961
Conference and meetings	162	3,969	936	5,067
Depreciation	572,507	32,158	32,159	636,824
Donated meals and materials	209,327	-	-	209,327
Donated services	21,960	-	-	21,960
Dues and subscriptions	75	1,334	424	1,833
Employee benefits	74,955	34,744	21,238	130,937
Food and dining supplies	29,251	-	-	29,251
Fundraising supplies and expenses	250	-	69,480	69,730
Insurance	13,465	4,015	748	18,228
Office supplies	3,135	14,443	384	17,962
Payroll taxes	83,071	8,870	14,955	106,896
Personnel	1,080,492	55,404	275,389	1,411,285
Postage	4	1,794	24,454	26,252
Printing	150	1,358	5,188	6,696
Professional and other fees	-	37,784	10,509	48,293
Rent and lease costs	21,600	1,276	1,200	24,076
Repairs and maintenance	62,828	41,016	5,817	109,661
Resident activities and supplies	16,140	-	-	16,140
Retirement contributions	6,912	2,622	2,971	12,505
Scholarship expense	8,728	-	-	8,728
Short-term rental subsidies	441,706	-	-	441,706
Software and information technology	12,748	22,321	29,852	64,921
Telephone	5,602	1,861	1,861	9,324
Transportation	3,275	-	107	3,382
Travel	13,155	168	611	13,934
Utilities	18,311	6,103	6,103	30,517
Total expenses by function	2,699,809	309,670	513,347	3,522,826
Less expenses included on the statement of activities				
Depreciation - temporary location	(554,736)	(30,818)	(30,819)	(616,373)
Total expenses included in the expense section on the statement of activities	\$ 2,145,073	\$ 278,852	\$ 482,528	\$ 2,906,453

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Statement of Functional Expenses for the year ended June 30, 2019

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ -	\$ 33,400	\$ -	\$ 33,400
Banking and credit card fees	-	1,181	8,298	9,479
Conference and meetings	449	1,509	1,658	3,616
Depreciation	598,857	31,887	33,174	663,918
Direct fundraising expenses	-	-	18,571	18,571
Donated meals and materials	171,785	-	-	171,785
Donated services	21,960	8,000	-	29,960
Dues and subscriptions	-	2,492	809	3,301
Employee benefits	64,499	18,973	13,598	97,070
Food and dining supplies	23,048	-	-	23,048
Fundraising supplies and expenses	104	435	101,349	101,888
Insurance	13,465	4,251	748	18,464
Office supplies	537	4,036	526	5,099
Payroll taxes	61,240	9,366	16,678	87,284
Personnel	852,421	73,760	231,282	1,157,463
Postage	105	645	13,572	14,322
Printing	2,139	946	30,563	33,648
Professional and other fees	-	32,161	8,840	41,001
Real estate taxes	-	13,982	-	13,982
Rent and lease costs	21,600	1,200	1,200	24,000
Repairs and maintenance	54,081	10,334	2,245	66,660
Resident activities and supplies	25,669	-	-	25,669
Retirement contributions	7,405	2,827	2,189	12,421
Scholarship expense	15,067	-	-	15,067
Short-term rental subsidies	216,864	-	-	216,864
Software and information technology	2,861	17,765	26,560	47,186
Telephone	4,315	1,441	1,441	7,197
Transportation	5,037	-	-	5,037
Travel	12,845	108	384	13,337
Utilities	27,522	7,863	3,932	39,317
Total expenses by function	2,203,875	278,562	517,617	3,000,054
Less expenses included on the statement of activities				
Depreciation - temporary location	(598,857)	(24,198)	(29,575)	(652,630)
Direct fundraising expenses	-	-	(18,571)	(18,571)
Total expenses included in the expense section on the statement of activities	\$ 1,605,018	\$ 254,364	\$ 469,471	\$ 2,328,853

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Statements of Cash Flows for the years ended June 30,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 77,337	\$ 4,240,083
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	636,824	663,918
Sale of donated stock	91,325	66,224
Realized and unrealized (gain) loss on investments	67,805	(64,296)
Gain on sale of building	-	(4,003,901)
(Increase) decrease in operating assets		
Grants receivable	(53,230)	11,021
Contributions receivable	283,160	(224,434)
Prepaid expenses	(6,873)	(2,869)
Increase (decrease) in operating liabilities		
Accounts payable	12,694	(235,381)
Accrued salaries and benefits	4,328	3,636
Deferred revenue	-	(5,000)
Residents' account	1,314	(3,045)
Net cash provided by operating activities	<u>1,114,684</u>	<u>445,956</u>
Cash flows from investing activities		
Purchase of investments and reinvestments	(1,059,700)	(1,192,965)
Reinvested interest on certificates of deposit	(2,049)	(27,402)
Proceeds from sale of building	-	1,005,381
Purchase of property and equipment	(99,560)	-
Net cash used in investing activities	<u>(1,161,309)</u>	<u>(214,986)</u>
Cash flows from financing activities		
Proceeds from SBA Paycheck Protection Program loan	<u>230,700</u>	<u>-</u>
Net cash provided by financing activities	<u>230,700</u>	<u>-</u>
Net change in cash and cash equivalents	184,075	230,970
Cash, restricted cash, and cash equivalents - beginning of year	<u>435,911</u>	<u>204,941</u>
Cash, restricted cash, and cash equivalents - end of year	<u>\$ 619,986</u>	<u>\$ 435,911</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

1. Organization and purpose

Carpenter's Shelter (the Shelter) was established in 1988 as a 24-hour shelter to respond to the growing need for temporary emergency housing for homeless families and individuals primarily in the Alexandria, Virginia area. Since 1988, the Shelter has evolved to include comprehensive programs and services that promote self-sufficiency for families and individuals in an environment of dignity and caring. The Shelter's major sources of revenue are contributions and grants.

2. Significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At June 30, 2020 and 2019, the Shelter had \$133,445 and \$441,605 in net assets with donor restrictions.

Cash and cash equivalents

For purposes of the statements of cash flows, Carpenter's Shelter considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It is the Shelter's policy not to classify cash and cash equivalents held in investment accounts and certificates of deposit as cash and cash equivalents.

Carpenter's Shelter maintains cash in bank accounts which may, at times, exceed federally insured limits. Carpenter's Shelter has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. FDIC insurance is \$250,000 per depositor, per insured bank. As of June 30, 2020 and 2019, amounts held by Carpenter's Shelter did not exceed FDIC insurance coverage.

Restricted cash - residents' account

The Shelter maintains a separate cash escrow account in which funds are held on behalf of residents. These funds are exclusively held for the residents and are not available to pay the Shelter's expenses. The Shelter holds these funds for residents until their departure from the Shelter or upon request to withdraw funds while in the Shelter. At June 30, 2020 and 2019, residents' funds held were \$8,307 and \$6,993, respectively.

Receivables

Accounts and grants receivable are due within one year and are measured at the amount management expects to collect from balances at year-end. Annually, management determines if an allowance for doubtful accounts is necessary based on a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on individual credit evaluation and specific circumstances of the parties involved.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

Contributions receivable consist of unconditional promises to give, collectible generally over a three-year period. A "New Heights" capital campaign was established in 2018 to pay for the capital costs associated with the temporary and permanent location, as well as start-up costs related to permanent supportive housing and to seed an innovation fund that will test new and different approaches to more effectively ending homelessness for those served. If pledges are expected to be collected in less than one year, they are considered short-term and recorded at the estimated amount to be ultimately realized. If pledges are to be paid to the Shelter over a period of years, they are considered long-term and recorded at the present value of their estimated cash flows using the prime rate as of the fiscal year-end in the year of the donation. A discount on the pledges receivable has not been recorded due to the immaterial nature of the discount. For the years ended June 30, 2020 and 2019, management provides for potential uncollectible amounts through an allowance for uncollectible accounts based on historical collection experience.

Certificates of deposit

At June 30, 2020 and 2019, the Shelter held certificates of deposit with original maturity dates greater than a period of ninety days that are carried at amortized cost. Interest earned on certificates of deposit is included in the accompanying statements of activities. These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, Investments – Debt and Equity Securities. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, Fair Value Measurements and Disclosures.

Investments

Investments are stated at fair value based on quoted market prices. Unrealized gains and losses are included in investment income in the statements of activities.

The Shelter invests in a professionally managed portfolio. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and equipment

Property and equipment is recorded at cost, or at estimated fair market value if donated, and is depreciated on a straight-line basis over the estimated lives of the assets. The Shelter capitalizes all property, building, and equipment with a cost of \$3,000 or more. Significant renewals or betterments are capitalized. Maintenance and repairs are expensed as incurred.

Compensated absences

Employees of Carpenter's Shelter are entitled to paid vacation depending on job classification, length of service and other factors. As of June 30, 2020 and 2019, compensated absences of \$56,527 and \$52,084, respectively, are included in accrued salaries and benefits on the accompanying statements of financial position.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, restricted cash, accounts and grants receivable, contributions receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued salaries and benefits, deferred revenue and residents' account. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

Support and revenue

Contributions received are measured at their fair values and are reported as an increase in net assets. The Shelter reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. The New Heights capital campaign has generated an influx of revenue with donor restrictions. This multi-year campaign relates to funding for the redevelopment of Carpenter's Shelter's facility and expansion of services.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Shelter participates in federally assisted programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates there are not material unallowable costs.

In-kind support

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP principles. Contributed meals are recorded at fair value at the date of donation. The Shelter records donated professional services at the respective fair values of the services received. See Note 8 for additional information on donated services and meals.

Functional classification of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supported services benefitted. A portion of general and administrative expenses that benefit multiple functional areas have been allocated across the programs and supporting services based on the proportion of time spent by personnel on each activity or use of building space. The allocated expenses include: depreciation, insurance, rent and lease costs, and software and information technology.

Income taxes

Carpenter's Shelter is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. There was no unrelated business income for the years ended June 30, 2020 and 2019. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The material jurisdictions subject to potential examination by taxing authorities are the U.S. and Virginia. The Board does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Carpenter's Shelter's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2017 through 2020.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

Recently adopted accounting pronouncements

The FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance clarifies how entities will determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution and how they will determine whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2019.

The FASB issued ASU No. 2016-18, Statement of Cash Flows - Restricted Cash (Topic 230), which requires that restricted cash and cash equivalents be included with cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2019.

New accounting pronouncements

The FASB has issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019. The Shelter adopted the standard on its effective date, which for the Shelter was July 1, 2020.

The FASB has issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Shelter plans to adopt the standard on its effective date, which for the Shelter is July 1, 2022. The Shelter has not evaluated the impact of this statement.

3. Contributions receivable

The summary of information relative to the pledged capital campaign contributions as of June 30, 2020 and 2019 was as follows:

	2020	2019
<i>Amounts due</i>		
In one year or less	\$ 133,445	\$ 286,022
Between one year and three years	-	130,583
Allowance for uncollectible pledges	(20,680)	(20,680)
	<u>\$ 112,765</u>	<u>\$ 395,925</u>

4. Investments and fair value measurements

The Shelter classifies its investments into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All of the Shelter's investments are classified as Level 1 on June 30, 2020 and 2019.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

The Shelter's investment in money market funds is valued at cost plus accrued interest, which approximates fair value. Fixed income funds are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The fixed income funds held by Carpenter's Shelter are deemed to be actively traded. Level 1, fair market measurements were as follows for the years ended June 30, 2020 and 2019:

	Level 1 total 2020	Level 1 total 2019
Cash and money markets	\$ 207,692	\$ 162,948
Equities		
International Large Blend	277,141	439,601
Exchange traded funds		
Diversified Emerging Markets	614,647	260,550
Small Value	65,397	86,399
Small Growth	78,197	88,383
Mid-Cap Value	66,964	88,328
Mid-Cap Growth	82,697	89,689
Large Value	616,482	443,489
Large Growth	511,163	439,765
Fixed income		
Long-term bonds	198,526	149,091
Intermediate-term bonds	520,078	392,741
Short-term bonds	744,505	441,936
	<u>\$ 3,983,489</u>	<u>\$ 3,082,919</u>

5. Property, equipment and land

A summary of property and equipment for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019	Useful life
Temporary space improvements	\$ 1,305,261	\$ 1,305,261	2 years
Equipment	1,040	1,040	5 - 10 years
Furniture & fixtures	104,254	104,254	5 - 10 years
Vehicles	99,560	-	5 years
Computers and software	9,706	9,706	3 - 5 years
	<u>1,519,821</u>	<u>1,420,261</u>	
Less accumulated depreciation	<u>(1,388,919)</u>	<u>(752,095)</u>	
	<u>\$ 130,902</u>	<u>\$ 668,166</u>	

Depreciation expense for the years ended June 30, 2020 and 2019 was \$636,824 and \$663,918, respectively. Depreciation expense specifically related to the relocation and build out of the temporary location was \$616,373 and \$652,630 and is included in the total depreciation expense on the statements of functional expenses.

See Note 7 for information about the sale of the building.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

6. Net assets with donor restrictions

Net assets with donor restrictions are for specific events as well as for future periods. A summary of activity for the years ended June 30, 2020 and 2019 was as follows:

	<u>June 30, 2019</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>June 30, 2020</u>
Capital campaign	\$ 416,605	\$ -	\$ (283,160)	\$ 133,445
Various	25,000	-	(25,000)	-
	<u>\$ 441,605</u>	<u>\$ -</u>	<u>\$ (308,160)</u>	<u>\$ 133,445</u>

	<u>June 30, 2018</u>	<u>Contributions</u>	<u>Release of restrictions</u>	<u>June 30, 2019</u>
Capital campaign	\$ 147,950	\$ 775,531	\$ (506,876)	\$ 416,605
Various	-	25,000	-	25,000
	<u>\$ 147,950</u>	<u>\$ 800,531</u>	<u>\$ (506,876)</u>	<u>\$ 441,605</u>

7. Commitments and contingencies

In March 2017, the Shelter executed a purchase and sale agreement with Alexandria North Henry Limited Partnership (ANH), an entity affiliated with the Alexandria Housing Development Corporation (AHDC), to develop a new homeless shelter, ten permanent supportive housing units (PSH units), 87 affordable residential housing units (Residential Development), and an underground parking structure. Under the terms of the agreement, the Shelter sold its existing property to ANH for the agreed fair market value prior or simultaneous to the closing for construction financing. As a part of the development AHDC was awarded low income housing tax credits from the Virginia Housing Development Authority. The PSH units shall be owned by ANH; the Shelter has an option to purchase these units at the conclusion of the 15-year low-income-housing tax-compliance period for a price of \$10 per unit.

The existing property was sold to ANH for \$6,250,000 on October 12, 2018. As a part of the agreement, ANH retained \$5,214,043 of the proceeds and is held as construction in process until the building is completed. Subsequent to the year ended June 30, 2020, the construction was completed and the new facility occupied and operational in November 2020.

In June of 2018, the Shelter moved to the temporary location and will pay \$2,000 a month for the use of the space. Subsequent to the year end, the lease term was extended through July 2020 and then month to month. The Shelter is expected to pay \$12,000 in the year ending June 30, 2021.

The Organization obtained \$230,700 from the CARES Act SBA Paycheck Protection Program loan in May 2020 as a result of the COVID-19 pandemic. The Organization intends to comply with the loan requirements so that the loan is fully forgiven. As of the date that the financial statements were available to be issued, the Organization had not yet submitted the loan forgiveness application.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

8. Donated services, meals and materials

Carpenter's Shelter receives in-kind revenue from various sources. Professional services include donated medical services, consulting and accounting services. Donated meals include the provision of three meals a day for residents of the Shelter. The value of the meals is estimated each month based on the number of days in the month and the average number of individuals served at each meal. Donated materials consists of various home goods, toys and supplies. In-kind revenue is recorded at fair market value or estimated fair market value of services or good received. For the years ended June 30, 2020 and 2019, donated services, meals, and materials were as follows:

	<u>2020</u>	<u>2019</u>
Professional services	\$ 21,960	\$ 29,960
Donated meals and materials	209,327	171,785
	<u>\$ 231,287</u>	<u>\$ 201,745</u>

During the years ended June 30, 2020 and 2019, there were approximately 1,200 volunteers that donated their time to the Shelter that are not recognized as contributions in the financial statements since the recognition criteria under U.S. GAAP were not met.

Additionally, the Shelter received donated stock of \$91,325 and \$66,224 in the years ended June 30, 2020 and 2019, respectively. Donated stock is included in contributions on the statements of activities. In accordance with U.S. GAAP, donated stock that was converted to cash is reported as cash flows from operating activities on the statements of cash flows.

9. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 611,679	\$ 428,918
Accounts and grants receivable	84,028	30,798
Contributions receivable	133,445	281,627
Investments	3,983,489	3,082,919
Financial assets, at year end	<u>4,812,641</u>	<u>3,824,262</u>
Less amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(133,445)	(441,605)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,679,196</u>	<u>\$ 3,382,657</u>

As a part of its liquidity management plan, the Organization strives to maintain 90 days' worth of expenses as a reserve.

See independent auditor's report.

Carpenter's Shelter

Notes to Financial Statements June 30, 2020 and 2019

10. 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 show in the statement of cash flows. These funds are exclusively held for the residents and are not available to pay the Shelter's expenses.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 611,679	\$ 428,918
Restricted cash	<u>8,307</u>	<u>6,993</u>
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 619,986</u>	<u>\$ 435,911</u>

11. Retirement plan

The Shelter's management established a Salary Deferral Plan (the Plan) under Section 403(b) of the Internal Revenue Code effective January 1, 2000, covering employees who have completed one year of service and who are at least 21 years of age. The Plan is funded by voluntary contributions through salary reductions plus an employer match of 100 percent up to two percent of salary. The Plan also allows for a discretionary employer contribution for which the Shelter did not contribute during 2020 or 2019. The employer match contribution to the Plan, during the years ended June 30, 2020 and 2019 was \$12,505 and \$12,421, respectively.

11. Subsequent events

Carpenter's Shelter assessed events occurring subsequent to June 30, 2020 through January 14, 2021, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

See independent auditor's report.

Supplementary information

Carpenter's Shelter

Schedule of Functional Expenses with Federal Form 990 Reconciliation for the year ended June 30, 2020

Expenses	Shelter services	Supporting services		Total expenses
		Management and general	Fundraising	
Accounting fees	\$ -	\$ 38,430	\$ -	\$ 38,430
Banking and credit card fees	-	-	8,961	8,961
Conference and meetings	162	3,969	936	5,067
Depreciation	572,507	32,158	32,159	636,824
Donated meals and materials	209,327	-	-	209,327
Donated services	21,960	-	-	21,960
Dues and subscriptions	75	1,334	424	1,833
Employee benefits	74,955	34,744	21,238	130,937
Food and dining supplies	29,251	-	-	29,251
Fundraising supplies and expenses	250	-	69,480	69,730
Insurance	13,465	4,015	748	18,228
Office supplies	3,135	14,443	384	17,962
Payroll taxes	83,071	8,870	14,955	106,896
Personnel	1,080,492	55,404	275,389	1,411,285
Postage	4	1,794	24,454	26,252
Printing	150	1,358	5,188	6,696
Professional and other fees	-	37,784	10,509	48,293
Rent and lease costs	21,600	1,276	1,200	24,076
Repairs and maintenance	62,828	41,016	5,817	109,661
Resident activities and supplies	16,140	-	-	16,140
Retirement contributions	6,912	2,622	2,971	12,505
Scholarship expense	8,728	-	-	8,728
Short-term rental subsidies	441,706	-	-	441,706
Software and information technology	12,748	22,321	29,852	64,921
Telephone	5,602	1,861	1,861	9,324
Transportation	3,275	-	107	3,382
Travel	13,155	168	611	13,934
Utilities	18,311	6,103	6,103	30,517
	<u>2,699,809</u>	<u>309,670</u>	<u>513,347</u>	<u>3,522,826</u>
Reconciling items to Form 990				
Part IX, Statement of Functional Expenses				
Donated services	(21,960)	-	-	(21,960)
Investment expenses	-	16,358	-	16,358
	<u>(21,960)</u>	<u>16,358</u>	<u>-</u>	<u>(5,602)</u>
Total expenses	<u>\$ 2,677,849</u>	<u>\$ 326,028</u>	<u>\$ 513,347</u>	<u>\$ 3,517,224</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.