HEALING HOUSE, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
and Independent Auditors' Report

December 31, 2022 and 2021

HEALING HOUSE, INC. AND SUBSIDIARIES

Table of Contents

Hutchins & Haake, LLC
Certified Public Accountants

College Boulevard and Quivira
11900 College Boulevard, Suite 341
Overland Park, KS 66210
Phone (913) 338-4455
Fax (913) 338-4458

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Healing House, Inc. and Subsidiaries
Kansas City, Missouri

Opinion
We have audited the accompanying financial statements of Healing House, Inc. and its Subsidiaries (a Missouri non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Healing House, Inc. and Subsidiaries as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years 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 Healing House, Inc. and Subsidiaries 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Healing House, Inc. and subsidiaries 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 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 Healing House, Inc. and Subsidiaries 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 Healing House, Inc. and Subsidiaries 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.

Hutchins & Haake, LLC

Hutchins & Haake, LLC
Certified Public Accountants

September 26, 2023
Overland Park, Kansas

HEALING HOUSE, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 825,274	$ 879,269
Investments	-	12,106
Accounts receivable	58,669	93,718
Grants receivable	47,567	36,938
Other current assets	-	1,151
Total current assets	931,510	1,023,182
Property and equipment, net	7,016,429	5,882,380
Debt issuance costs, net	26,570	28,583
Operating lease right of use asset	306,616	-
Total noncurrent assets	7,349,615	5,910,963
Total assets	$ 8,281,125	$ 6,934,145
Liabilities and Net Assets		
Current liabilities:		
Current portion of notes payable	$ 371,391	$ 115,553
Accounts payable & credit cards	92,824	59,912
Current portion of operating lease liability	23,469	-
Security deposit	29,370	30,963
Total current liabilities	517,054	206,428
Notes payable, net of current portion	2,888,034	2,725,417
Operating lease liability, net of current portion	283,147	-
Total liabilities	3,688,235	2,931,845
Net assets:		
Without donor restrictions	4,185,273	3,697,306
With donor restrictions	407,617	304,994
Total net assets	4,592,890	4,002,300
Total liabilities and net assets	$ 8,281,125	$ 6,934,145

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

HEALING HOUSE, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Government grants	$ 1,060,039	$ -	$ 1,060,039
Grants and donations	1,002,093	263,894	1,265,987
Program service revenue	943,173	-	943,173
In-kind contributions of non-financial assets	322,341	-	322,341
Transformation Station (rental income)	35,451	-	35,451
Other income	201,717	-	201,717
Total public support and revenues	3,564,814	263,894	3,828,708
Special event revenues	398,458	1,000	399,458
Less: Cost of direct benefit to donors	(73,621)	-	(73,621)
Net income from special events	324,837	1,000	325,837
Net assets released from restrictions	162,271	(162,271)	-
	4,051,922	102,623	4,154,545
Expenses:			
Program	3,208,513	-	3,208,513
Administrative	177,369	-	177,369
Fundraising	178,073	-	178,073
	3,563,955	-	3,563,955
Change in net assets	487,967	102,623	590,590
Net assets, beginning of year	3,697,306	304,994	4,002,300
Net assets, end of year	$ 4,185,273	$ 407,617	$ 4,592,890

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

HEALING HOUSE, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and public support:			
Government grants	$ 761,837	$ -	$ 761,837
Fundraising	4,323	-	4,323
Grants and donations	379,593	470,740	850,333
Program service revenue	1,008,499	-	1,008,499
In-kind contributions of non-financial assets	161,204	-	161,204
Transformation Station (rental income)	45,180	-	45,180
Other income	214,645	-	214,645
Gain on disposition of PPP debt (see Note 3)	202,442	-	202,442
Total public support and revenues	2,777,723	470,740	3,248,463
Special event revenues	182,693	41,765	224,458
Less: Cost of direct benefit to donors	(33,136)	-	(33,136)
Net income from special events	149,557	41,765	191,322
Net assets released from restrictions	347,394	(347,394)	-
	3,274,674	165,111	3,439,785
Expenses:			
Program	2,871,554	-	2,871,554
Administrative	157,888	-	157,888
Fundraising	95,098	-	95,098
	3,124,540	-	3,124,540
Change in net assets	150,134	165,111	315,245
Net assets, beginning of year	3,547,172	139,883	3,687,055
Net assets, end of year	$ 3,697,306	$ 304,994	$ 4,002,300

HEALING HOUSE, INC. AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Advertising	$ -	$ 9,298	$ -	$ 9,298	$ -	$ 13,096	$ -	$ 13,096
Bad debts	11,274	-	-	11,274	35,284	-	-	35,284
Bank charges	156	353	-	509	117	7	-	124
Charitable contributions	1,432	2,321	116	3,869	823	-	-	823
Contracting services	62,020	-	-	62,020	37,859	-	-	37,859
Depreciation	231,046	2,077	-	233,123	212,265	1,859	-	214,124
Drug tests	7,070	-	-	7,070	8,093	-	-	8,093
Dues and subscriptions	20,730	992	-	21,722	23,535	-	-	23,535
Education	5,541	975	-	6,516	7,930	-	-	7,930
Food & catering	170,372	8,966	-	179,338	79,870	4,047	-	83,917
Fuel	34,097	-	-	34,097	23,697	-	-	23,697
Fundraising expenses	-	-	45,614	45,614	-	-	35,098	35,098
Insurance	220,664	6,825	-	227,489	141,658	4,415	-	146,073
Interest	130,836	2,053	-	132,889	120,881	1,635	-	122,516
Maintenance	174,557	9,396	-	183,953	244,434	11,383	-	255,817
Miscellaneous	14,644	-	-	14,644	(5,322)	-	-	(5,322)
Office expenses and supplies	44,721	5,797	2,287	52,805	61,768	7,305	-	69,073
Personnel costs	1,276,699	82,871	130,056	1,489,626	1,204,566	65,731	60,000	1,330,297
Postage	1,522	-	-	1,522	2,177	-	-	2,177
Professional fees	43,085	35,251	-	78,336	44,466	37,236	-	81,702
Program expenses	402,736	-	-	402,736	276,322	-	-	276,322
Property taxes	9,690	539	-	10,229	14,156	2,576	-	16,732
Storage	3,180	-	-	3,180	5,443	-	-	5,443
Telephone	33,237	3,287	-	36,524	28,844	2,830	-	31,674
Travel	6,002	164	-	6,166	5,633	-	-	5,633
Utilities	303,202	6,204	-	309,406	297,055	5,768	-	302,823
	$ 3,208,513	$ 177,369	$ 178,073	$ 3,563,955	$ 2,871,554	$ 157,888	$ 95,098	$ 3,124,540

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

HEALING HOUSE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 590,590	$ 315,245
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	233,123	214,124
Loss on disposal of property	9,600	-
Gain on extinguishment of PPP debt (see Note 3)	-	(202,443)
Decrease (increase) in operating assets:		
Investments	-	(12,012)
Accounts receivable	35,049	(70,202)
Grants receivable	(10,629)	-
Other current assets	1,151	1,815
Increase (decrease) in operating liabilities:		
Accounts payable and credit card payables	32,912	(978)
Payroll liabilities	-	(1,260)
Security deposits	(1,593)	5,131
Net cash provided by operating activities	890,203	249,420
Cash flows from investing activities:		
Investment in property and equipment	(1,374,759)	(237,412)
Proceeds from sale of investments	12,106	-
Net cash used in investing activities	(1,362,653)	(237,412)
Cash flows from financing activities:		
Proceeds on long-term debt	539,491	202,443
Debt repayments	(121,036)	(111,207)
Net cash provided by financing activities	418,455	91,236
Net increase in cash and cash equivalents	(53,995)	103,244
Cash and cash equivalents, beginning of year	879,269	776,025
Cash and cash equivalents, end of year	$ 825,274	$ 879,269
Cash paid for interest	$ 227,489	$ 146,073

Supplemental Noncash Investing Activities:

During the years ended December 31, 2022 and 2021, the Organization financed the purchase and renovations of buildings and land valued at $260,509 and $265,000, respectively, with notes payable to banks.

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

Note 1 –Summary of Significant Accounting Policies

A. *Nature of Activities*

Healing House Inc. is a community based non-profit corporation in the State of Missouri, organized exclusively for charitable purposes. Healing House is a faith-based substance abuse recovery organization providing safe and stable homes with opportunities for spiritual and personal growth along with purposeful guidance and support for men and women who are committed to overcoming their addiction and becoming responsible, productive, drug and alcohol free members of Kansas City area community. In 2014, Healing House began a new subsidized childcare program under the corporation name “Changing Station LLC”, a disregarded entity fully (100%) owned by Healing House, Inc. In September 2019, the Boards of both organizations voted to cease operations of Changing Station and utilize the facility for other Healing House purposes, however the entity has not yet been formally dissolved. On September 27, 2021, Healing House became the sole member owner of Transformation Station, LLC, a limited liability company established to pursue social enterprise endeavors that will provide vocational training and employment opportunities for program participants, offer needed community services, and produce a modest amount of revenue to support the nonprofit mission.

B. *Principles of Consolidation*

The consolidated financial statements include the accounts of Healing House and its wholly owned subsidiaries, Transformation Station LLC and Changing Station LLC (collectively, the “Organization”). All significant intercompany transactions and balances have been eliminated.

C. *Basis of Accounting*

The policy of the Organization is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses and purchases are recognized when the obligation is incurred.

D. *Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

E. *Accounts Receivable*

Accounts are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts. At December 31, 2022 and 2021, no allowance for uncollectible accounts was considered necessary.

F. *Property and Equipment and Depreciation*

Property and equipment are recorded at cost for all purchases over $1,000. Donated property and equipment are recorded at their fair value on the date of the donation. Depreciation is computed under the straight-line method using the following estimated useful lives:

Commercial buildings and improvements	39 years
Residential buildings and improvements	27.5 years
Furniture, fixtures & equipment	5-7 years

Note 1 –Summary of Significant Accounting Policies (*continued*)

F. Property and Equipment and Depreciation (continued)

Major renewals and betterments greater than $1,000 are capitalized. Maintenance, repairs, and minor renewals less than $1,000 are expensed. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are included in income.

G. Leases

The Organization leases solar panels. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the balance sheets. Finance leases would be included in property and equipment, other current liabilities, and other long-term liabilities on the balance sheets. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses the risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected to apply the short-term lease exemption to some office equipment leases. The Organization has only a small number of leases within this class of underlying asset that qualify for the exemption.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

H. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Note 1 –Summary of Significant Accounting Policies (*continued*)

H. Net Assets (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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.

I. Revenue Recognition

Contracts with governmental and other entities are generally recorded as revenue when the related costs are incurred or when the Organization has performed the service and is allowed to bill under the terms of the related agreement.

J. Donations

Donations with donor restrictions are reported as increases in “net assets without donor restrictions” if the restrictions are met within the same reporting period that the contribution was received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

K. Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in program expenses.

L. Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The value of volunteer services has not been recorded in the financial statements since those services do not meet the criteria for recognition.

M. Advertising

Advertising costs of the Organization are expensed as incurred. For the years ended December 31, 2022 and 2021, the Organization incurred advertising expenses of $9,298 and $13,096, respectively.

Note 1 –Summary of Significant Accounting Policies (*continued*)

N. Income Taxes

Healing House, Inc. is organized as a not-for-profit corporation and qualifies as tax exempt under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an Organization other than a private foundation. Transformation Station LLC and Changing Station LLC are wholly owned subsidiaries of Healing House, Inc. and as such, are treated as disregarded entities for tax purposes. Accordingly, no provision has been made for income taxes in these financial statements.

The Organization has adopted the provisions of FASB ASC 740-10, "Accounting for Uncertain Tax Positions". The Organization has evaluated its tax positions and does not believe there are any uncertain tax positions taken by the Organization.

O. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to the programs or supporting functions of the Organization. The costs of providing various programs and activities have been summarized on a natural and functional allocation basis by the Organization based on management's estimates.

P. 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 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.

Q. Reclassification

Certain amounts included in prior year have been reclassified to conform to the current year's presentation.

R. Subsequent Events

Subsequent events have been evaluated through September 26, 2023, which is the date the financial statements were available to be issued.

S. Adoption of Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Note 1 –Summary of Significant Accounting Policies (*continued*)

S. Adoption of Accounting Standard (continued)

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized a lease liability of $306,616, which represents the present value of the remaining operating lease payments of $444,885, discounted using the incremental borrowing rate of 4.34%, and a right-of-use asset of $306,616.

The standard had a material impact on the balance sheets but did not have an impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while accounting for finance leases remained substantially unchanged.

Note 2 – Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Building and improvements	$ 7,866,818	$ 6,551,052
Furniture and fixtures	30,183	30,183
Vehicles	87,550	62,000
Land	326,147	315,259
	8,310,698	6,958,494
Less accumulated depreciation	(1,294,269)	(1,076,114)
Property and equipment, net	$ 7,016,429	$ 5,882,380

Depreciation expense for the years ended December 31, 2022 and 2021 was $220,555 and $207,637, respectively.

Note 3 – Long Term Debt

Long term debt consists of the following at December 31:

	2022	2021
Note payable to a bank, payable in monthly installments of $10,906 including interest at 4.25% with a balloon payment due at maturity in December 2025. This loan is secured by buildings and land.	$ 1,640,969	$ 1,695,049
Note payable to a bank, payable in monthly installments of $4,981 including interest at 4.25% with a balloon payment due at maturity in April 2027. This loan is secured by buildings and land.	780,118	-
Note payable to a bank, payable in monthly installments of $4,965 including interest at 4.25% with a balloon payment due at maturity in December 2025. This loan is secured by buildings and land.	591,723	625,020
Note payable to Healing House Supporters, LLC (an unrelated entity), payable in monthly installments of $1,604 including interest at 2.6%, with remaining balance paid on maturity date of May 1, 2023. This loan is secured by a building and land. This loan was paid off in 2023.	246,615	260,405
Note payable to a bank, payable in monthly installments of $1,613 including interest at 3.99% with a balloon payment due at maturity in May 2026. This loan is secured by a building and land.	-	260,496
Total long-term debt	3,259,425	2,840,970
Less current portion	(371,391)	(115,553)
Noncurrent maturities of long-term debt	$ 2,888,034	$ 2,725,417

The aggregate amounts of principal maturities for the years ended December 31 are as follows:

2023	$ 371,391
2024	130,184
2025	2,062,385
2026	30,698
2027	664,767
Total	$ 3,259,425

Note 3 – Long Term Debt (continued)

During the year ended December 31, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) implemented the Paycheck Protection Program (PPP) to provide organizations with funds to pay up to 24 weeks of payroll costs including benefits, interest on mortgages, rent, and utilities. These funds were provided in the form of unsecured loans that may be forgiven when used for forgivable expenses, subject to certain conditions. On April 16, 2020, the Organization's application for a first round of PPP funding was approved in the amount of $141,800, maturing April 16, 2022, with an initial fixed rate of 1%. The Organization received full forgiveness of the loan on December 1, 2020. On February 3, 2021, the Organization's application for a second round of PPP funding was approved in the amount of $202,443, maturing April 3, 2026, with an initial fixed rate of 1%. The Organization received full forgiveness of the loan on June 17, 2021.

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions are designated for the following purposes as of December 31:

	2022	2021
4430 St John Salon	$ -	$ 8,974
4505 Sprinkler System	10,896	-
4600 St John Project	181,765	43,198
622 Roof Repairs	-	5,000
Café	32,000	-
Education	500	-
Emily's House	40,430	15,240
Erin's House	117,439	158,540
First Step Fitness	-	18,487
Program Funds for New Moms	3,385	5,555
Vocational	21,202	50,000
Total	$ 407,617	$ 304,994

Note 5 – Liquidity and Availability

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date for reasons such as contractual restrictions or internal board designations.

	2022	2021
Cash and cash equivalents	$ 825,274	$ 879,269
Investment-TD Ameritrade	-	12,106
Accounts receivable	58,669	93,718
Grants receivable	47,567	36,938
Other current assets	-	1,151
Total	$ 931,510	$ 1,023,182

Note 5 – Liquidity and Availability (continued)

In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows cash generated by operations for fiscal years ending December 31, 2022 and 2021.

Note 6 – Concentration of Credit Risk

The Organization maintains cash in bank deposit accounts and money market accounts at financial institutions. Accounts at the bank institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and at times may exceed this limit.

Note 7 – Operating Lease

The Organization entered into a lease agreement for solar panel systems in March 2021, however operation date did not begin until October 2021. The lease term is for 20 years and requires monthly rental payments of $1,995 ($23,940 annually). During the year ended December 31, 2021, energy rebates offered for the installation of the solar power system were assigned and paid by the Organization, totaling $32,400, to the organization providing the solar panels to whom rents are to be paid. Total operating lease expense for the years ending December 31, 2022 and 2021 was $23,940 and $3,346, respectively, which is included in utilities on the accompanying statement of activities and statement of functional expenses. At December 31, 2022, the Organization has recognized a lease liability of $306,616, which represents the present value of the remaining operating lease payments, discounted using a risk free rate of 4.34%, and a right-of-use asset of $306,616, net of amortization.

Note 8 – Donated Goods and Services

Donated goods and services for the years ended December 31, 2022 and 2021 included in the financial statements were as follows:

	2022	2021
Clothing	$ 126,300	$ 42,683
Household items and furniture	67,387	93,029
Food and other misc.	1,180	13,327
Vehicles	8,950	12,165
Professional services	118,524	-
Total	$ 322,341	$ 161,204

Note 9 – Subsequent Events

In June 2023, the Organization obtained a $450,000 loan that was used in part to pay off the maturing Healing House Supporters, LLC note discussed in Note 3, which was approximately $240,000 at that time. The remaining funds were used to replace the roof at the Organization's headquarters building, which had a total cost of approximately $214,000.