ST. JOHN CENTER, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
St. John Center, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of St. John Center, Inc. (a not-for-profit 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.

Auditors' 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 audits 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 auditors' 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 St. John Center, Inc. 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.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
September 24, 2020

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ST. JOHN CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

Assets	2020	2019
Current Assets		
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 491,357	$ 728,457
Restricted cash	41,351	14,915
	532,708	743,372
Accounts receivable	4,333	
Pledges receivable	6,420	20,920
Grants receivable	155,833	154,993
Prepaid expenses	23,457	26,695
Total current assets	722,751	945,980
Property and Equipment		
Building and improvements	2,580,386	1,428,999
Furniture and equipment	58,359	57,863
Construction in progress		594,097
	2,638,745	2,080,959
Less accumulated depreciation	1,131,039	1,049,674
	1,507,706	1,031,285
Other Assets		
Pledges receivable		33,000
Land		10,000
Investments	1,612,805	1,647,564
	1,612,805	1,690,564
Total assets	$ 3,843,262	$ 3,667,829

Liabilities and Net Assets	2020	2019
Current Liabilities		
Accounts payable	$ 59,376	$ 193,806
Accrued expenses	117,309	92,032
Note payable	116,000	
Total current liabilities	292,685	285,838
Net Assets		
Without Donor Restrictions		
Undesignated	2,466,998	2,088,134
Board-designated	1,038,510	959,139
Total without donor restrictions	3,505,508	3,047,273
With Donor Restrictions		
Restricted by purpose or time	45,069	334,718
Total net assets	3,550,577	3,381,991
Total liabilities and net assets	$ 3,843,262	$ 3,667,829

See Notes to Financial Statements.

ST. JOHN CENTER, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	$ 624,621	$ 55,954	$ 680,575	$ 507,885	$ 67,255	$ 575,140
Grants	239,750	855,725	1,095,475	112,252	1,129,764	1,242,016
Special events	311,049		311,049	294,516		294,516
Net investment return	91,446		91,446	84,179		84,179
Loss on disposal of property and equipment	(20,088)		(20,088)	(1,966)		(1,966)
Total operating revenue	1,246,778	911,679	2,158,457	996,866	1,197,019	2,193,885
Net assets released from restricitions	1,201,328	(1,201,328)		1,375,804	(1,375,804)	
Total revenues, gains and other support	2,448,106	(289,649)	2,158,457	2,372,670	(178,785)	2,193,885
Expenses						
Program services:						
Street outreach	362,843		362,843	191,572		191,572
Housing case management	476,091		476,091	475,146		475,146
Day shelter & social services center	593,398		593,398	589,309		589,309
Total program services	1,432,332		1,432,332	1,256,027		1,256,027
Supporting services:						
General and administrative	222,918		222,918	131,282		131,282
Fundraising	334,621		334,621	356,814		356,814
Total supporting services	557,539		557,539	488,096		488,096
Total expenses	1,989,871		1,989,871	1,744,123		1,744,123
Net increase (decrease) in total net assets	458,235	(289,649)	168,586	628,547	(178,785)	449,762
Net assets, beginning of year	3,047,273	334,718	3,381,991	2,418,726	513,503	2,932,229
Net assets, end of year	$ 3,505,508	$ 45,069	$3,550,577	$ 3,047,273	$ 334,718	$3,381,991

See Notes to Financial Statements.

ST. JOHN CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2020 and 2019

	June 30, 2020						
	Program Services				Supporting Services		
	Street Outreach	Housing Case Management	Day Shelter & Social Services Center	Total	General and Administrative	Fund-raising	Total
Salaries and wages	$ 230,752	$ 267,673	$ 350,743	$ 849,168	$ 156,912	$ 166,142	$ 1,172,222
Employee benefits	22,230	25,787	33,790	81,807	15,116	16,006	112,929
Computer supplies and expenses	18,436	21,386	28,022	67,844	12,536	13,274	93,654
Depreciation	16,800	19,489	25,537	61,826	11,425	12,097	85,348
Payroll taxes	16,382	19,003	24,901	60,286	11,140	11,795	83,221
Special events						55,946	55,946
Utilities	2,113	2,113	33,816	38,042	2,113	2,113	42,268
Marketing						38,830	38,830
Samaritan grant expenses (excluding salaries)		37,181		37,181			37,181
Outreach expenses	31,050			31,050			31,050
Insurance	4,581	5,315	6,964	16,860	3,116	3,299	23,275
CH2 grant expenses (excluding salaries)		21,205		21,205			21,205
Professional fees	3,566	4,137	5,421	13,124	2,425	2,568	18,117
Building and equipment maintenance	795	795	12,728	14,318	795	795	15,908
Housing case management			15,888	15,888			15,888
SHP grant expenses (excluding salaries)		15,678		15,678			15,678
PSHYA grant expenses (excluding salaries)		14,283		14,283			14,283
Data management	2,217	2,570	3,368	8,155	1,507	1,595	11,257
Shelter care		4,217	5,828	10,045			10,045
Miscellaneous	1,190	1,377	1,804	4,371	807	4,854	10,032
Client employment services			9,948	9,948			9,948
Client assistance			9,642	9,642			9,642
Volunteer programs			8,956	8,956			8,956
Office supplies	1,657	1,922	2,519	6,098	1,127	1,193	8,418
Contract labor		5,486	1,371	6,857			6,857
Bank fees	1,233	1,430	1,874	4,537	838	888	6,263
Storage grant expenses	5,458			5,458			5,458
Postage	973	1,129	1,479	3,581	662	701	4,944
Memberships	897	1,040	1,363	3,300	610	646	4,556
Website/internet	679	788	1,033	2,500	462	489	3,451
Cleaning supplies	166	166	2,661	2,993	166	166	3,325
Office expense	622	722	946	2,290	423	448	3,161
Cleaning services	83	83	1,334	1,500	83	83	1,666
Professional development	295	341	447	1,083	200	212	1,495
Printing and publications	279	324	424	1,027	190	201	1,418
Conferences	244	283	371	898	166	176	1,240
Equipment rental	145	168	220	533	99	104	736
	$ 362,843	$ 476,091	$ 593,398	$ 1,432,332	$ 222,918	$ 334,621	$ 1,989,871

See Notes to Financial Statements.

ST. JOHN CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	June 30, 2019						
	Program Services				Supporting Services		
	Street Outreach	Housing Case Management	Day Shelter & Social Services Center	Total	General and Administrative	Fund-raising	Total
Salaries and wages	$ 100,213	$ 238,282	$ 339,707	$ 678,202	$ 89,960	$ 206,937	$ 975,099
Employee benefits	15,978	23,958	37,326	77,262	6,444	26,614	110,320
Computer supplies and equipment	11,376	31,127	22,376	64,879	8,751	15,376	89,006
Depreciation	5,957	11,456	16,038	33,451	4,582	7,790	45,823
Payroll taxes	7,278	17,576	24,976	49,830	6,660	15,183	71,673
Special events						50,256	50,256
Utilities	1,544	1,544	26,248	29,336	772	772	30,880
Marketing						9,681	9,681
Samaritan grant expenses (excluding salaries)		44,559		44,559			44,559
Outreach expenses	3,892			3,892			3,892
Insurance	2,659	5,113	7,158	14,930	2,045	3,476	20,451
CH2 grant expenses (excluding salaries)		24,660		24,660			24,660
Professional fees	2,130	5,596	5,734	13,460	2,205	2,785	18,450
Building and equipment maintenance	1,144	2,200	3,079	6,423	880	1,495	8,798
Housing case management			9,649	9,649			9,649
SHP grant expenses (excluding salaries)		16,263		16,263			16,263
PSHYA grant expenses (excluding salaries)		24,572		24,572			24,572
Data management	1,941	4,200	4,705	10,846	1,158	1,968	13,972
Shelter care		4,209	7,139	11,348			11,348
Miscellaneous	224	429	1,603	2,256	384	293	2,933
Client employment services			8,483	8,483			8,483
Client assistance			10,103	10,103			10,103
Volunteer programs	2,183			2,183			2,183
Office supplies	721	1,386	1,941	4,048	555	943	5,546
Contract labor		1,300	13,345	14,645	91	91	14,827
Bank fees	1,233	2,371	3,319	6,923	948	1,612	9,483
Storage grant expenses	26,765			26,765			26,765
Postage	435	836	1,170	2,441	334	569	3,344
Memberships	479	922	1,291	2,692	369	627	3,688
Website/internet	374	718	1,005	2,097	287	488	2,872
Cleaning supplies		236	4,243	4,479	118	118	4,715
Office expense	39	76	106	221	766	788	1,775
Cleaning services		321	5,785	6,106	161	161	6,428
Professional development	30	1,922	250	2,202	44	585	2,831
Printing and publications	4,196	8,069	11,296	23,561	3,228	5,487	32,276
Conferences	152	584	410	1,146	117	873	2,136
Equipment rental	115	222	311	648	89	151	888
Travel	474	399	413	1,286	314	487	2,087
Renovation and expansion grant expenses	40	40	680	760	20	20	800
Sales tax expense						1,188	1,188
ESG rapid rehousing expenses			19,420	19,420			19,420
	$ 191,572	$ 475,146	$ 589,309	$ 1,256,027	$ 131,282	$ 356,814	$ 1,744,123

See Notes to Financial Statements.

ST. JOHN CENTER, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Net increase in total net assets	$ 168,586	$ 449,762
Adjustments to reconcile net increase in total net assets to net cash provided by operating activities:		
Depreciation	85,348	45,823
Unrealized (gain) loss on investments	(23,648)	7,303
Realized gain on investments	(19,274)	(38,234)
Loss on disposal of property and equipment	20,088	1,966
Stock donations received	(12,513)	(32,492)
In-kind property and equipment donations	(10,887)	
Reinvested interest and dividends	(60,435)	(64,285)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,333)	
Pledges receivable	47,500	65,600
Grants receivable	(840)	227
Prepaid expenses	3,238	(9,096)
Increase (decrease) in:		
Accounts payable	(134,430)	10,817
Accrued expenses	25,277	9,334
Net cash provided by operating activities	83,677	446,725
Cash Flows from Investing Activities		
Purchase of property and equipment	(563,967)	(363,738)
Proceeds from sale of land	2,997	
Purchase of investments	(402,325)	(600,288)
Proceeds from sale of investments	552,954	608,963
Net cash used in investing activities	(410,341)	(355,063)
Cash Flows from Financing Activities		
Proceeds from note payable	116,000	
Net (decrease) increase in cash, cash equivalents, and restricted cash	(210,664)	91,662
Cash, cash equivalents, and restricted cash, beginning of year	743,372	651,710
Cash, cash equivalents, and restricted cash, end of year	$ 532,708	$ 743,372
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchase of property and equipment in accounts payable		$ 165,102

See Notes to Financial Statements.

ST. JOHN CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

St. John Center, Inc. is a not-for-profit corporation that provides emergency day shelter and social services for homeless individuals in Jefferson County, Kentucky and the surrounding areas. The Center also operates a street outreach program and a housing case management program to assist individuals in obtaining safe, decent, and affordable housing.

Summary of significant accounting policies:

This summary of significant accounting policies of St. John Center, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific operational purposes.

Net assets with donor restrictions – Net assets subject to donor 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.

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 disclosures 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.

Cash, cash equivalents, and restricted cash:

For purposes of the statements of cash flows, the Organization considers cash, restricted cash, and investments with original maturities of three months or less to be cash and cash equivalents.

Grants and pledges receivable:

The valuation of grants and pledges receivable is based upon a detail analysis of past due accounts and the history of uncollectible accounts. The Organization considers all grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment:

The Organization's policy is to capitalize asset purchases in excess of $2,500. Property and equipment are recorded at cost if purchased, or at fair value as of the date of donation, if donated, and are being depreciated on the straight-line method over their estimated useful lives. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in operations. Investment in land is stated at fair value at the date of gift.

Investments:

Investments are valued at fair value. See Note 5 for discussion of fair value measurements.

The Organization maintains an undesignated investment account that is available for distribution to the extent deemed necessary to support operations. The funds in the undesignated investment account are separate from endowment funds. See Note 7 for discussion of endowment funds. The undesignated investment account funds are invested in accordance with the Organization's objective of maintaining the purchasing power of the assets held in perpetuity or for a specified term as well as providing additional real growth through investment return. During the years ended June 30, 2020 and 2019, the Organization appropriated $161,000 and $250,000, respectively, from the undesignated investment account to support operations. Funds appropriated for operations may be returned to the undesignated investment account when operating cash levels are sufficient to do so. During the year ended June 30, 2019 the Organization returned approximately $307,000. There were no funds returned during the year ended June 30, 2020. The balance in the undesignated investment account is $574,579 and $689,041 at June 30, 2020 and 2019, respectively.

Compensated absences:

Compensated absences for sick pay have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Donated services and in-kind contributions:

The Organization records donated services that require specific expertise and would normally have been purchased, and donated services that create or enhance non-financial assets, at fair value as of the date of donation. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Donations other than cash are recorded at their fair value as of the date of donation. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Contributed services included in the statements of activities for the years ended June 30, 2020 and 2019 are approximately $91,000 and $86,000, respectively, for computer and internet consulting and maintenance services. There was approximately $300 of website hosting services donated during each of the years ended June 30, 2020 and 2019.

Revenue and revenue recognition:

Revenue for contributions is recognized when cash, securities or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net asset with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Revenue from the annual Raisin' the Rent party and golf scramble is recognized at a point in time when the event occurs. Payment for the ticketed events is due at the time of purchase.

Functional expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are charged directly to program or general and administrative categories based on specific identification, while other expenses are allocated on the basis of estimates of time and effort.

Income taxes:

The Organization is exempt from federal, Kentucky and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that the Organization has unrelated business income for the years ended June 30, 2020 and 2019.

As of June 30, 2020 and 2019, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

NOTES TO FINANCIAL STATEMENTS

Accounting pronouncements adopted:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or a point in time, and expand disclosures about revenue.

The Organization adopted the requirements of Topic 606 as of July 1, 2019, utilizing the full retrospective method of transition and has adjusted the presentation in the financial statements accordingly. Adoption of the topic resulted in changes to accounting policies for special event revenue, previously described. The Organization had various contracts in progress at July 1, 2019 and those contracts did not include a variable consideration component. The difference to revenue account balances at June 30, 2019, under the new guidance as opposed to the prior revenue recognition guidance for these contracts was determined to be immaterial. Accordingly, no adjustment to beginning net assets was necessary.

In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230). The standard requires that a statement of cash flows detail the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. The Organization has implemented Topic 230 and has adjusted the presentation in the financial statements accordingly. The adoption of this standard has been applied retrospectively to all periods presented.

Newly issued standards not yet effective:

The Financial Accounting Standards Board has issued accounting standards No. 2016-02, *Leases*, concerning the accounting for leases effective for years beginning after December 15, 2021 and No. 2018-13, *Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* concerning required disclosures for investments for years beginning after December 15, 2019. The Organization is evaluating the impact that adoption of these standards will have on future financial position and results of operations.

Subsequent events:

Subsequent events have been evaluated through September 24, 2020, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

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

Cash and cash equivalents	$ 491,357
Accounts receivable	4,333
Pledges receivable	6,420
Grants receivable	155,833
Investments	1,612,805
	$2,270,748

As part of the Organization's liquidity management plan, management invests cash in excess of daily requirements in mutual funds, exchange traded funds, and money market funds.

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization has a goal to maintain cash and investments to meet one year of normal operating expenses, which average approximately $1,900,000.

The Organization maintains a line of credit in the amount of $250,000, which could be drawn upon in the event of an unanticipated liquidity need. See Note 6.

Note 3. Pledges Receivable and Capital Campaign

In 2016, the Organization began a capital campaign to raise funds for a building renovation and expansion project. For the years ended June 30, 2020 and 2019, $50,250 and $51,350, respectively, has been recognized in contribution revenue as a result of the capital campaign. For the year ended June 30, 2019, $202,820 has been recognized in grant revenue related to the capital campaign. There was no grant revenue related to the capital campaign for the year ended June 30, 2020. Total pledges receivable as of June 30, 2020 and 2019 were $6,420 and $53,920 respectively.

Note 4. Construction in Progress

At June 30, 2019, the Organization had incurred total expenditures of $594,097 related to the building renovation and expansion. The project was completed in October 2019 at a cost of approximately $1,200,000 and was placed in service at that time.

Note 5. Investments and Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets have been valued using a market approach. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2020 and 2019.

Mutual funds and exchange traded funds – valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value of investments as of June 30, 2020 and 2019 is as follows:

	2020	2019
Level 1 investments:		
Mutual funds:		
Equity funds	$ 723,165	$ 724,710
Fixed income funds	821,481	716,902
Exchange traded funds:		
Equity funds	68,159	32,829
Fixed income funds		173,123
	$1,612,805	$1,647,564

Note 6. Line of Credit

In June 2019, the Organization obtained a revolving line of credit for $250,000 which expires on June 6, 2021. The line of credit bears interest at a variable rate, which was 2.50% and 4.50% at June 30, 2020 and 2019, respectively, and is secured by the Organization's investment accounts. There were no outstanding borrowings on the line of credit at June 30, 2020 and 2019.

Note 7. Endowment Funds

As of June 30, 2020 and 2019, the Organization's endowment funds consist of investments held primarily in investment accounts at Morgan Stanley Smith Barney (see Note 5). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2020 and 2019, all endowment funds of the Organization are net assets without donor restrictions that are board-designated funds held to support the mission of the Organization.

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Endowment net assets, beginning of year	$959,139	$974,091
Purchases	265,802	214,573
Sales	(243,212)	(282,840)
Investment return:		
Interest and dividends	39,353	44,732
Unrealized gain (loss)	9,804	(10,775)
Realized gain	15,024	26,799
Investment expenses	(7,400)	(7,441)
Endowment net assets, end of year	$1,038,510	$959,139

Interpretation of Relevant Law:

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to fund a permanent endowment, (b) the original value of any subsequent gifts to a permanent endowment, and (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of any donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate any donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that are comparable to price and yield a total return in excess of the balanced market index by 1 to 2 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets diversified asset allocation.

Spending Policy and How the Investment Objectives Relate to the Spending Policy:

The Organization has a policy of appropriating for distribution an amount each year as deemed necessary to support operations. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	Balance 6/30/20	Balance 6/30/19
Restricted by purpose or time:		
Snowy Owl Foundation – flooring	$10,000	
SCN Ministry Fund - housing counseling		$ 5,000
BB&T - employment workforce		3,000
ARGI – cooking classes	1,000	
Catholic Charities – PSH	1,924	
Samtec Cares – PSH	7,288	
Lou Water Fdn. - shelter	832	
Lou Affordable Housing - housing	4,692	
Lou Community Fdn. - CARF project	12,333	19,904
Alden Fellowship – professional development	7,000	
Capital campaign - renovations		306,814
Total net assets with donor restrictions	$45,069	$334,718

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	6/30/20	6/30/19
The Coalition for the Homeless – Samaritan	$ 125,092	$ 83,276
Louisville/Jefferson County Metro Gov't:		
Social services	115,600	115,600
Emergency day shelter	119,163	112,000
Employment assistance & housing counseling	10,800	15,000
Rapid re-housing		49,258
Outreach case management	222,391	65,244
Storage facility	15,214	45,777
Renovation and expansion		202,820
Cralle Foundation – general support		5,000
Gheens Foundation – supportive housing		20,000
The Coalition for the Homeless – PSH-CH	58,920	67,630
The Coalition for the Homeless – CH2	63,943	67,850
The Coalition for the Homeless – PSH-YA	59,831	66,190
Capital campaign - renovations	357,064	253,039
Miscellaneous programs	53,310	207,120
	$1,201,328	$1,375,804

Note 9. Concentration of Revenues

Approximately 22% and 27% of revenues for the years ended June 30, 2020 and 2019 were from the Louisville/Jefferson County Metro Government. Changes in the future allocation of grant funding by this agency could have a significant impact on the Organization's operations.

Note 10. Retirement Plan

The Organization has a Simple IRA 401(k) Plan which covers all eligible employees. Employees may contribute an amount of their gross pay subject to certain limitations. The Organization matches up to 3% of employee contributions. Employer contributions for the years ended June 30, 2020 and 2019 were approximately $22,800 and $18,300, respectively.

Note 11. Concentration of Credit Risk

The Organization maintains its cash accounts at various financial institutions in Louisville, Kentucky. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by the Securities Investor Protection Corporation (SIPC) up to $250,000. At June 30, 2020, uninsured cash balances were approximately $289,000.

The Organization has significant investments in cash equivalents, mutual funds, and exchange-traded funds held by an investment manager engaged by the Organization and are, therefore, subject to concentrations of credit risk. Investments are made by the investment manager, and the investments are monitored by management and the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

Note 12. Note Payable

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of $116,000 (the "PPP Loan"). The PPP loan bears interest at a fixed rate of 1% per annum, has a term of 24 months, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request, to the extent that the PPP loan proceeds are used to pay certain expenses permitted by the Paycheck Protection Program, incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

Note 13. Reclassification

During the year ended June 30, 2020, it was determined that some restricted contributions had previously been reported as released from restrictions rather than remaining as net assets with donor restrictions. Accordingly, net assets as of June 30, 2019 are being reclassified with no effect on previously reported total net assets or changes in total net assets.

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balances at June 30, 2019, as previously reported	$3,067,177	$314,814	$3,381,991
Reclassified	(19,904)	19,904	
Balances at June 30, 2019, as restated	$3,047,273	$334,718	$3,381,991

Note 14. Subsequent Event

The Organization has evaluated subsequent events and transactions that occurred after June 30, 2020 up to the date that the financial statements were issued. Management is currently evaluating the ongoing impact of the COVID-19 pandemic on the Organization and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and/or results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.