



GATEWAY TO HOPE

Financial Statements and
Independent Auditors' Report

YEAR ENDED DECEMBER 31, 2020



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Independent Auditors' Report

Board of Directors
Gateway to Hope
St. Louis, Missouri

We have audited the accompanying financial statements of Gateway to Hope (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Gateway to Hope as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Anders Minkler Huber & Helms LLP

May 27, 2021

**Gateway to Hope
Statement of Financial Position
December 31, 2020**

Assets

| | |
|--------------------------------|--------------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 1,048,462 |
| Unconditional promises to give | 60,000 |
| Prepaid expenses | <u>17,942</u> |
| Total Current Assets | 1,126,404 |
| Investments, at fair value | 4,991,082 |
| Property and Equipment, net | 15,512 |
| Unconditional Promises to Give | <u>60,000</u> |
| Total Assets | <u><u>\$ 6,192,998</u></u> |

Liabilities and Net Assets

| | |
|--------------------------------------|--------------------------------|
| Current Liabilities | |
| Accounts payable | \$ 16,779 |
| Accrued expenses | <u>11,258</u> |
| Total Current Liabilities | <u>28,037</u> |
| Net Assets | |
| Without donor restrictions | 6,036,961 |
| With donor restrictions | <u>128,000</u> |
| Total Net Assets | <u>6,164,961</u> |
| Total Liabilities and Net Assets | <u><u>\$ 6,192,998</u></u> |

**Gateway to Hope
Statement of Activities
Year Ended December 31, 2020**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| Revenue, Gains, and Other Support | | | |
| Contributions | \$ 4,387,658 | \$ 8,000 | \$ 4,395,658 |
| In-kind contributions | 3,625 | - | 3,625 |
| Grants - SBA Paycheck Protection Program | 84,300 | - | 84,300 |
| Other revenue | 467,106 | - | 467,106 |
| Interest income | 17,296 | - | 17,296 |
| Net unrealized gain on investments | 317,004 | - | 317,004 |
| | <u>5,276,989</u> | <u>8,000</u> | <u>5,284,989</u> |
| | | | |
| Gross special events revenue | 364,189 | - | 364,189 |
| Less cost of direct benefits to donors | <u>(23,962)</u> | <u>-</u> | <u>(23,962)</u> |
| Net special events revenue | <u>340,227</u> | <u>-</u> | <u>340,227</u> |
| | | | |
| Net assets released from restrictions: | | | |
| Satisfaction of time and usage restrictions | <u>240,000</u> | <u>(240,000)</u> | <u>-</u> |
| Total Revenue, Gains, and Other Support | <u>5,857,216</u> | <u>(232,000)</u> | <u>5,625,216</u> |
| | | | |
| Expenses | | | |
| Program Services | <u>650,959</u> | <u>-</u> | <u>650,959</u> |
| | | | |
| Supporting Activities | | | |
| Management and general | 96,570 | - | 96,570 |
| Fundraising | <u>187,682</u> | <u>-</u> | <u>187,682</u> |
| Total Supporting Activities | <u>284,252</u> | <u>-</u> | <u>284,252</u> |
| Total Expenses | <u>935,211</u> | <u>-</u> | <u>935,211</u> |
| | | | |
| Change in Net Assets | 4,922,005 | (232,000) | 4,690,005 |
| | | | |
| Net Assets, Beginning of Year | <u>1,114,956</u> | <u>360,000</u> | <u>1,474,956</u> |
| | | | |
| Net Assets, End of Year | <u>\$ 6,036,961</u> | <u>\$ 128,000</u> | <u>\$ 6,164,961</u> |

Gateway to Hope
Statement of Functional Expenses
Year Ended December 31, 2020

| | Supporting Activities | | | | Total Expenses |
|--|-----------------------|------------------------|-------------|-----------------------------|----------------|
| | Program Services | Management and General | Fundraising | Total Supporting Activities | |
| Salaries and wages | \$ 259,621 | \$ 55,960 | \$ 109,583 | \$ 165,543 | \$ 425,164 |
| Payroll taxes | 18,223 | 3,441 | 7,731 | 11,172 | 29,395 |
| Employee benefits | 21,543 | 4,319 | 8,749 | 13,068 | 34,611 |
| Total Personnel Expense | 299,387 | 63,720 | 126,063 | 189,783 | 489,170 |
| Bank fees | 415 | 928 | 7,001 | 7,929 | 8,344 |
| Computer services | 3,986 | 771 | 1,672 | 2,443 | 6,429 |
| Conferences, conventions, and meetings | 153 | 164 | 132 | 296 | 449 |
| Development fees | 96 | - | 28,789 | 28,789 | 28,885 |
| Direct assistance | 12,446 | - | - | - | 12,446 |
| Insurance | 3,339 | 259 | 793 | 1,052 | 4,391 |
| In-kind | 3,000 | - | - | - | 3,000 |
| Marketing | 12,269 | 1,165 | 3,434 | 4,599 | 16,868 |
| Miscellaneous | 2,093 | 255 | 588 | 843 | 2,936 |
| Occupancy | 31,100 | 6,019 | 13,042 | 19,061 | 50,161 |
| Printing and publications | 697 | 113 | 2,201 | 2,314 | 3,011 |
| Professional fees | 964 | 20,351 | 404 | 20,755 | 21,719 |
| Specific assistance - individuals | 269,957 | - | 300 | 300 | 270,257 |
| Staff and volunteer appreciation | 2,377 | 803 | 221 | 1,024 | 3,401 |
| Supplies | 2,200 | 769 | 327 | 1,096 | 3,296 |
| Travel | 3,483 | 673 | 1,459 | 2,132 | 5,615 |
| Utilities | 2,717 | 526 | 1,139 | 1,665 | 4,382 |
| Total Expense Before Depreciation and Amortization | 650,679 | 96,516 | 187,565 | 284,081 | 934,760 |
| Depreciation and Amortization | 280 | 54 | 117 | 171 | 451 |
| Total Expenses | \$ 650,959 | \$ 96,570 | \$ 187,682 | \$ 284,252 | \$ 935,211 |

**Gateway to Hope
Statement of Cash Flows
Year Ended December 31, 2020**

| | |
|--|----------------------------|
| Cash Flows From Operating Activities | |
| Change in net assets | \$ 4,690,005 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 451 |
| Unrealized gain on investments | (317,004) |
| (Increase) decrease in assets: | |
| Unconditional promises to give | 62,000 |
| Prepaid expenses | (10,464) |
| Increase in liabilities: | |
| Accounts payable | 6,339 |
| Accrued expenses | 4,137 |
| Net Cash Provided by Operating Activities | <u>4,435,464</u> |
| Cash Flows From Investing Activities | |
| Bequest of investments | (3,882,504) |
| Purchases of investments | <u>(38,977)</u> |
| Net Cash Used in Investing Activities | <u>(3,921,481)</u> |
| Net Increase in Cash and Cash Equivalents | 513,983 |
| Cash and Cash Equivalents, Beginning of Year | <u>534,479</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 1,048,462</u></u> |

Gateway to Hope
Notes to Financial Statements
December 31, 2020

1. Nature of Operations and Basis of Presentation

Organization

Gateway to Hope (the "Organization") is a not-for-profit organization whose mission is to remove barriers to affordable, timely, quality healthcare, and empowering people with breast cancer to face the disease and focus on healing.

Description of Program Services

Through its direct service program for patients, the Organization serves approximately 400 low-income women a year across Missouri, St. Louis, and Southern Illinois by providing them with financial assistance and emotional support. The Organization also leads community efforts to increase breast health awareness, education, and access to breast healthcare - reaching over 75,000 community members annually.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside to help ensure the long-term financial stability of the Organization.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all checking, savings, and money market accounts and all highly liquid investments maturing within 90 days of purchase.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Unconditional Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the unconditional promises to give are to be received.

The Organization provides an allowance for doubtful unconditional promises to give equal to the estimated losses that will be incurred in the collection of the unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing unconditional promises to give. The allowance and associated promises are reduced when the promises are determined to be uncollectible. Currently, the Organization considers unconditional promises to give receivable to be fully collectible.

Property and Equipment

Property and equipment acquisitions with a life of one year or greater and a cost in excess of \$2,500 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation and amortization are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the related asset or the term of the lease.

The estimated lives for computing depreciation and amortization on property and equipment are:

| <u>Classification</u> | <u>Years</u> |
|------------------------|--------------|
| Leasehold improvements | 25 |
| Website | 3 |

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of December 31, 2020.

Support and Revenue

Contributions are recorded as received, and unconditional promises to give are recorded as the promise is made. All contributions are available for general activities unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Donated Materials (In-Kind)

Donated noncash assets are recorded as contributions at their fair values at the date of the donation. The estimated fair values of donated materials was \$3,625 for the year ended December 31, 2020.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs included in marketing expenses on the statement of functional expenses totaled \$16,868 for the year ended December 31, 2020.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2017 and later remain subject to examination by taxing authorities.

Subsequent Events

The Organization has evaluated subsequent events through May 27, 2021, the date the financial statements were available to be issued.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

Recent Accounting Pronouncements

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The guidance will be required for the first fiscal year beginning after December 15, 2021. Based on a preliminary analysis, the Organization has not yet determined what impact, if any, this new guidance will have on its financial statements.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

In-kind Donations

The FASB has issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires organizations to present contributed nonfinancial assets (gifts “in-kind”) as a separate line item on the statement of activities. The new guidance also requires enhanced disclosures to include a disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category. For each such category, the disclosures should include 1) qualitative information about whether the contributed nonfinancial assets were either “monetized” (sold or held for sale) or “utilized” (used) during the reporting period. If utilized, the Organization is required to disclose a description of the programs or activities in which the contributed assets were used, 2) the Organization’s policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, 3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, 4) a description of the valuation techniques and inputs used to arrive at a fair value measurement, in accordance with Topic 820, Fair Value Measurement, and 5) the principal market used to arrive at a fair value measurement if it is a market in which the recipient organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. The guidance will be effective for annual financial statements issued for fiscal years beginning after June 15, 2021. Based on a preliminary analysis, the Organization does expect the new guidance will have a significant impact on its financial statements.

3. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. 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 instruments in active markets. |
| Level 2 | Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The instruments' 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 relevant observable inputs and minimize the use of unobservable inputs.

**Gateway to Hope
Notes to Financial Statements
December 31, 2020**

Following is a description of the valuation methodologies used for instruments measured at fair value:

Level 1 Instruments consist of publicly traded mutual funds and exchange traded funds. These securities are traded on national exchanges and are stated at the last reported sales price on the day of valuation.

The following table presents the fair value measurements of instruments recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31, 2020:

| | Fair Value Measurements | | | |
|-----------------------|-------------------------|---------------------|----------------|----------------|
| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments: | | | | |
| Mutual funds | \$ 1,541,058 | \$ 1,541,058 | \$ - | \$ - |
| Exchange traded funds | <u>3,450,024</u> | <u>3,450,024</u> | - | - |
| Total investments | <u>\$ 4,991,082</u> | <u>\$ 4,991,082</u> | <u>\$ -</u> | <u>\$ -</u> |

4. Unconditional Promises to Give

Unconditional promises to give at December 31, 2020 are as follows:

| | |
|--------------------------------|-------------------|
| Less than one year | \$ 60,000 |
| One to five years | <u>60,000</u> |
| Unconditional promises to give | <u>\$ 120,000</u> |

The Organization has determined that a discount on unconditional promises to give is not required to be recorded at December 31, 2020.

5. Property and Equipment

Property and equipment at December 31, 2020 is as follows:

| | |
|--|------------------|
| Leasehold improvements | \$ 17,578 |
| Website | <u>7,000</u> |
| | 24,578 |
| Less accumulated depreciation and amortization | <u>9,066</u> |
| | <u>\$ 15,512</u> |

Depreciation and amortization expense for the year ended December 31, 2020 totaled \$451.

**Gateway to Hope
Notes to Financial Statements
December 31, 2020**

6. Grants - SBA Paycheck Protection Program

The Organization received a loan from Commerce Bank in the amount of \$84,300 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was initially subject to a note dated April 15, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization applied for and has been notified that \$84,300 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven. Accordingly, loan forgiveness is reported in Grants - SBA paycheck protection program in the accompanying statement of activities.

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2020 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 1,048,462 |
| Unconditional promises to give | 120,000 |
| Contractual or donor-imposed restrictions: | |
| Donor restrictions | <u>(128,000)</u> |
| Financial Assets Available to Meet Cash Needs for Expenditures Within One Year | <u>\$ 1,040,462</u> |

The Organization's primary sources of support are contributions, special events income, and investment income. Some support is required to be used in accordance with the purpose restrictions imposed by the donors.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 totaled \$128,000 and are subject to expenditure for specified purposes and passage of time. During the year ended December 31, 2020, \$240,000 of net assets were released from restrictions.

9. Risks and Uncertainties

Concentrations

Contributions from one donor was approximately 88 percent of the Organization's revenue during the year ended December 31, 2020. This contribution was a one-time bequest received during the year ended December 31, 2020.

Gateway to Hope
Notes to Financial Statements
December 31, 2020

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents and investments. The Organization maintains its cash primarily with two financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2020, there were cash balances of \$500,107 in excess of federally insured limits at the banks. The Organization performs ongoing credit evaluations of its customers and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at December 31, 2020.

The Organization maintains its investments primarily with two brokerage firms. Securities held at these firms are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At December 31, 2020, there were investment balances of \$4,570,614 in excess of SIPC limits at the brokerage firms. Although, the Organization is directly affected by the financial stability of the brokerage firms, management does not believe significant credit risk exists at December 31, 2020.

Economic Conditions

The recent COVID-19 outbreak has caused a downturn in business activity across most industries in the United States. The Organization cannot reasonably estimate the length or severity of this pandemic. At this time it remains too early to estimate the length or the full impact on the Organization's financial results.

10. Commitments and Contingencies

Leases

The Organization leases office space and equipment under noncancellable operating leases expiring in 2021. Future minimum lease payments at December 31, 2020 total \$24,650 for the year ending December 31, 2021.

Rent expense related to operating leases for the year ended December 31, 2020 totaled approximately \$52,000.