



GATEWAY TO HOPE

Financial Statements and
Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2021 AND 2020



ANDERS
CPAs + ADVISORS

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Independent Auditors' Report

Board of Directors
Gateway to Hope
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Gateway to Hope which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gateway to Hope as of December 31, 2021 and 2020, and the changes in net assets and its 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gateway to Hope and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Gateway to Hope's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gateway to Hope's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gateway to Hope's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



June 8, 2022

Gateway to Hope
Statements of Financial Position
December 31, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 1,331,058	\$ 1,048,462
Unconditional promises to give	169,600	60,000
Prepaid expenses	<u>11,259</u>	<u>17,942</u>
Total Current Assets	1,511,917	1,126,404
Investments, at fair value	5,717,462	4,991,082
Right-of-Use Asset	292,011	-
Property and Equipment, net	-	15,512
Unconditional Promises to Give	25,000	60,000
Other Assets	<u>4,875</u>	<u>-</u>
Total Assets	<u><u>\$ 7,551,265</u></u>	<u><u>\$ 6,192,998</u></u>

Liabilities and Net Assets

Current Liabilities		
Current portion of lease liability	\$ 51,561	\$ -
Accounts payable	-	16,779
Accrued expenses	<u>17,518</u>	<u>11,258</u>
Total Current Liabilities	69,079	28,037
Lease Liability	<u>250,380</u>	<u>-</u>
Total Liabilities	<u>319,459</u>	<u>28,037</u>
Net Assets		
Without donor restrictions		
Available for general activities	1,323,344	6,036,961
Board designated endowment	<u>5,717,462</u>	<u>-</u>
Total without donor restrictions	7,040,806	6,036,961
With donor restrictions	<u>191,000</u>	<u>128,000</u>
Total Net Assets	<u>7,231,806</u>	<u>6,164,961</u>
Total Liabilities and Net Assets	<u><u>\$ 7,551,265</u></u>	<u><u>\$ 6,192,998</u></u>

**Gateway to Hope
Statement of Activities
Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 645,037	\$ 125,000	\$ 770,037
In-kind contributions	11,692	-	11,692
Other revenue	581,890	-	581,890
Investment income, net	115,461	-	115,461
Loss on disposal of assets	(15,061)	-	(15,061)
Net unrealized gain on investments	481,669	-	481,669
	<u>1,820,688</u>	<u>125,000</u>	<u>1,945,688</u>
 Gross special events revenue	 320,397	 -	 320,397
Less cost of direct benefits to donors	<u>(42,849)</u>	<u>-</u>	<u>(42,849)</u>
Net special events revenue	<u>277,548</u>	<u>-</u>	<u>277,548</u>
 Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>62,000</u>	<u>(62,000)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>2,160,236</u>	<u>63,000</u>	<u>2,223,236</u>
 Expenses			
Program Services	<u>841,853</u>	<u>-</u>	<u>841,853</u>
 Supporting Activities			
Management and general	132,420	-	132,420
Fundraising	<u>182,118</u>	<u>-</u>	<u>182,118</u>
Total Supporting Activities	<u>314,538</u>	<u>-</u>	<u>314,538</u>
Total Expenses	<u>1,156,391</u>	<u>-</u>	<u>1,156,391</u>
 Change in Net Assets	 1,003,845	 63,000	 1,066,845
 Net Assets, Beginning of Year	 <u>6,036,961</u>	 <u>128,000</u>	 <u>6,164,961</u>
 Net Assets, End of Year	 <u><u>\$ 7,040,806</u></u>	 <u><u>\$ 191,000</u></u>	 <u><u>\$ 7,231,806</u></u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment income, net	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, 2021

	Supporting Activities				
	Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Salaries and wages	\$ 423,251	\$ 55,134	\$ 125,851	\$ 180,985	\$ 604,236
Payroll taxes	29,497	4,011	8,938	12,949	42,446
Employee benefits	<u>26,199</u>	<u>2,723</u>	<u>7,925</u>	<u>10,648</u>	<u>36,847</u>
Total Personnel Expense	478,947	61,868	142,714	204,582	683,529
Bank fees	-	7,485	455	7,940	7,940
Computer services	7,898	90	-	90	7,988
Conferences, conventions, and meetings	-	220	-	220	220
Development fees	542	841	25,348	26,189	26,731
Direct assistance	48,613	-	-	-	48,613
Insurance	2,455	1,582	276	1,858	4,313
In-kind	2,130	9,812	-	9,812	11,942
Marketing	2,782	600	769	1,369	4,151
Miscellaneous	21,994	4,093	482	4,575	26,569
Occupancy	24,183	8,050	8,695	16,745	40,928
Printing and publications	7,716	174	2,362	2,536	10,252
Professional fees	-	30,016	-	30,016	30,016
Specific assistance - individuals	224,685	45	-	45	224,730
Staff and volunteer appreciation	2,402	3,654	624	4,278	6,680
Supplies	7,878	3,327	246	3,573	11,451
Travel	4,790	-	-	-	4,790
Utilities	<u>4,587</u>	<u>510</u>	<u>-</u>	<u>510</u>	<u>5,097</u>
Total Expenses Before Depreciation and Amortization	841,602	132,367	181,971	314,338	1,155,940
Depreciation and amortization	<u>251</u>	<u>53</u>	<u>147</u>	<u>200</u>	<u>451</u>
Total Expenses	<u>\$ 841,853</u>	<u>\$ 132,420</u>	<u>\$ 182,118</u>	<u>\$ 314,538</u>	<u>\$ 1,156,391</u>

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

	Supporting Activities				
	Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
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	<u>21,543</u>	<u>4,319</u>	<u>8,749</u>	<u>13,068</u>	<u>34,611</u>
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	<u>2,717</u>	<u>526</u>	<u>1,139</u>	<u>1,665</u>	<u>4,382</u>
Total Expenses Before Depreciation and Amortization	650,679	96,516	187,565	284,081	934,760
Depreciation and amortization	<u>280</u>	<u>54</u>	<u>117</u>	<u>171</u>	<u>451</u>
Total Expenses	<u>\$ 650,959</u>	<u>\$ 96,570</u>	<u>\$ 187,682</u>	<u>\$ 284,252</u>	<u>\$ 935,211</u>

Gateway to Hope
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,066,845	\$ 4,690,005
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	451	451
Unrealized gain on investments	(481,669)	(317,004)
Loss on disposal of assets	15,061	-
(Increase) decrease in assets:		
Unconditional promises to give	(74,600)	62,000
Right-of-use asset	(292,011)	-
Prepaid expenses	6,683	(10,464)
Other assets	(4,875)	-
Increase (decrease) in liabilities:		
Accounts payable	(16,779)	6,339
Accrued expenses	6,260	4,137
Lease liability	301,941	-
Net Cash Provided by Operating Activities	<u>527,307</u>	<u>4,435,464</u>
Cash Flows From Investing Activities		
Bequest of investments	(28,288)	(3,882,504)
Purchases of investments	<u>(216,423)</u>	<u>(38,977)</u>
Net Cash Used in Investing Activities	<u>(244,711)</u>	<u>(3,921,481)</u>
Net Increase in Cash and Cash Equivalents	282,596	513,983
Cash and Cash Equivalents, Beginning of Year	<u>1,048,462</u>	<u>534,479</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,331,058</u></u>	<u><u>\$ 1,048,462</u></u>

**Gateway to Hope
Notes to Financial Statements
December 31, 2021 and 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 champion change by removing barriers to affordable, timely, quality breast healthcare, and empowering people to live full and healthy lives.

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, 2021 and 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, 2021 and 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, 2021 and 2020.

Endowment Fund

The State of Missouri enacted the State Prudent Management of Institutional Funds Act ("SPMIFA") effective August 28, 2009. The Organization follows FASB guidance on accounting for the net assets classification of restricted endowment funds for a not-for-profit organization that is subject to the enacted version of SPMIFA. The Organization has determined that the board designated endowment fund meets the definition of endowment funds under SPMIFA.

The Organization has interpreted the SPMIFA as requiring the preservation of the original gift amount. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, the original value of gifts donated to the board designated endowment. The remaining portion of funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

**Gateway to Hope
Notes to Financial Statements
December 31, 2021 and 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 statements 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 were \$11,692 and \$3,625 for the years ended December 31, 2021 and 2020, respectively.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statements 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.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs included in marketing expenses on the statements of functional expenses totaled \$4,151 and \$16,868 for the years ended December 31, 2021 and 2020, respectively.

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 2018 and later remain subject to examination by taxing authorities.

**Gateway to Hope
Notes to Financial Statements
December 31, 2021 and 2020**

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through June 8, 2022, the date the financial statements were available to be issued.

Recent Accounting Pronouncement

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. Change in Accounting Principle

During the year ended December 31, 2021, the Organization changed its method of presentation and disclosure of leases in accordance with Accounting Standards Update ("ASU") 2016-02, *Leases*. The major changes associated with ASU 2016-02 are to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Adoption of ASU 2016-02 had a current year impact on the Organization's financial statements.

Gateway to Hope
Notes to Financial Statements
December 31, 2021 and 2020

4. 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.

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.
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The following table presents the fair value measurements of instruments recognized in the accompanying statements 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, as follows:

	2021			
	Total	Fair Value Measurements		Level 3
		Level 1	Level 2	
Investments:				
Mutual funds	\$ 2,111,714	\$ 2,111,714	\$ -	\$ -
Exchange traded funds	3,605,748	3,605,748	-	-
Total investments	<u>\$ 5,717,462</u>	<u>\$ 5,717,462</u>	<u>\$ -</u>	<u>\$ -</u>

Gateway to Hope
Notes to Financial Statements
December 31, 2021 and 2020

	2020			
	Total	Fair Value Measurements		Level 3
		Level 1	Level 2	
Investments:				
Mutual funds	\$ 1,541,058	\$ 1,541,058	\$ -	\$ -
Exchange traded funds	3,450,024	3,450,024	-	-
Total Investments	<u>\$ 4,991,082</u>	<u>\$ 4,991,082</u>	<u>\$ -</u>	<u>\$ -</u>

5. Unconditional Promises to Give

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

	2021	2020
Less than one year	\$ 169,600	\$ 60,000
One to five years	25,000	60,000
Unconditional promises to give	<u>\$ 194,600</u>	<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, 2021 and 2020.

6. Conditional Promises to Give

Conditional promises to give that have not met the criteria for recognition at December 31, are as follows:

	2021	2020
Conditional promises to give based upon various reporting metrics	\$ 142,597	\$ -
	<u>\$ 142,597</u>	<u>\$ -</u>

7. Property and Equipment

Property and equipment at December 31, are as follows:

	2021	2020
Leasehold improvements	\$ -	\$ 17,578
Website	7,000	7,000
	7,000	24,578
Less accumulated depreciation and amortization	7,000	9,066
	<u>\$ -</u>	<u>\$ 15,512</u>

Depreciation and amortization expense for each of the years ended December 31, 2021 and 2020 totaled \$451.

Gateway to Hope
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8. 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 Organization applied for and was notified that \$84,300 in eligible expenditures for payroll and other expenses described in the CARES Act were forgiven in 2020. Accordingly, loan forgiveness is reported in Grants - SBA Paycheck Protection Program in the accompanying statement of activities.

9. Board Designated Funds

The Organization's Board of Directors has designated net assets without donor restrictions at December 31, as follows:

	<u>2021</u>	<u>2020</u>
Designated for endowment purposes	\$ 5,717,462	\$ -
	<u>\$ 5,717,462</u>	<u>\$ -</u>

10. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specified purpose	\$ 111,000	\$ 8,000
Subject to passage of time	<u>80,000</u>	<u>120,000</u>
	<u>\$ 191,000</u>	<u>\$ 128,000</u>

Net assets released from restrictions for the years ended December 31, are as follows:

	<u>2021</u>	<u>2020</u>
Released from restrictions of purpose	\$ 2,000	\$ 180,000
Released from restrictions of time	<u>60,000</u>	<u>60,000</u>
	<u>\$ 62,000</u>	<u>\$ 240,000</u>

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11. Liquidity and Availability of Financial Assets

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,331,058	\$ 1,048,462
Unconditional promises to give	169,600	60,000
Investments	5,717,462	4,991,082
Contractual or donor-imposed restrictions and internal designations:		
Donor restrictions	(191,000)	(128,000)
Board designated endowment fund	<u>(5,717,462)</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,309,658</u>	<u>\$ 5,971,544</u>

The endowment fund consist of funds designated by the Board of Directors as endowments. The board designated endowment of \$5,717,462 at December 31, 2021 is subject to discretionary spending. There was no board designated endowment at December 31, 2020. Although the Organization does not intend to spend from this board designated endowment (other than amounts appropriated for general expenditure as part of the Board of Directors' annual budget approval and appropriation), these amounts could be made available if necessary.

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.

12. Endowment Fund

During 2021, the Organization established an endowment fund consisting of funds that have been designated for endowment by the Board of Directors. As required by GAAP, 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. Certain donor contributions restricted for specific purpose are considered by the Board of Directors as quasi-endowments and are included in net assets with donor restrictions.

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The Board of Directors has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at December 31, 2021.

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is based in stated benchmarks over a five-year moving period. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

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The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2021, the spending rate maximum without further Board of Directors' approval was 4.5 percent. In establishing this policy, the Organization considered the long-term expected return on the endowment and set the rate with the objective of maintaining the purchasing power of the endowment over time.

13. Risks and Uncertainties

Concentrations

Contributions from three and one donors were approximately 39 and 88 percent of the Organization's contributions during the years ended December 31, 2021 and 2020, respectively.

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, 2021, there were cash balances of \$904,564 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, 2021.

The Organization maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. At December 31, 2021, there were investment balances of \$5,217,572 in excess of SIPC limits at the brokerage firm. 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, 2021.

14. Commitments and Contingencies

Leases

During 2021, the Organization moved to a new location and entered into an operating lease of a building. The lease has a remaining lease terms of 5 years, and includes options to extend the lease for up two additional 5 year terms up to 10 additional years.

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The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2021:

Weighted Average Remaining Lease Term	
Operating lease	5 years
Weighted Average Discount Rate	
Operating lease	2.75 %

The maturities of lease liabilities as of December 31, 2021 are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 53,701
2023	60,000
2024	61,500
2025	63,000
2026	64,500
Thereafter	<u>33,000</u>
Total Lease Payments	335,701
Less: Interest	<u>(33,760)</u>
Present Value of Lease Liability	<u>\$ 301,941</u>

The following summarizes the line items in the statements of functional expenses which include the components of lease expense for the years ended December 31,:

	<u>2021</u>	<u>2020</u>
Operating lease expense included in miscellaneous	\$ 1,609	\$ 1,831
Operating lease expense included in occupancy	<u>40,928</u>	<u>50,161</u>
	<u>\$ 42,537</u>	<u>\$ 51,992</u>