



# GATEWAY TO HOPE

Financial Statements and  
Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2023 AND 2022



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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, 2023 and 2022, 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, 2023 and 2022, 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.

### ***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 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.

 Anders Minkler Heber & Helms LLP

June 11, 2024

**Gateway to Hope**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

**Assets**

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 692,852	\$ 1,239,740
Unconditional promises to give	480,168	273,261
Prepaid expenses	10,879	8,360
Total Current Assets	1,183,899	1,521,361
Investments, at fair value	5,286,096	4,583,796
Operating Right-of-Use Asset	197,009	234,858
Property and Equipment, net	11,842	15,000
Unconditional Promises to Give, net	388,741	320,342
Other Assets	4,875	4,875
Total Assets	\$ 7,072,462	\$ 6,680,232

**Liabilities and Net Assets**

Current Liabilities		
Current maturity of operating lease liability	\$ 56,510	\$ 52,997
Accounts payable	23,633	6,704
Accrued expenses and other current liabilities	30,073	18,735
Total Current Liabilities	110,216	78,436
Long-term Operating Lease Liability	155,238	197,384
Total Liabilities	265,454	275,820
Net Assets		
Without donor restrictions		
Available for general activities	879,197	1,248,416
Board designated endowment	5,086,096	4,583,796
Total without donor restrictions	5,965,293	5,832,212
With donor restrictions	841,715	572,200
Total Net Assets	6,807,008	6,404,412
Total Liabilities and Net Assets	\$ 7,072,462	\$ 6,680,232

**Gateway to Hope  
Statement of Activities  
Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 773,800	\$ 554,097	\$ 1,327,897
Grants	235,200	-	235,200
Other revenue	37,088	-	37,088
Investment income, net	125,833	-	125,833
Net unrealized gain on investments	<u>560,746</u>	<u>-</u>	<u>560,746</u>
	<u>1,732,667</u>	<u>554,097</u>	<u>2,286,764</u>
Gross special events revenue	306,676	-	306,676
Less cost of direct benefits to donors	<u>(57,453)</u>	<u>-</u>	<u>(57,453)</u>
Net special events revenue	<u>249,223</u>	<u>-</u>	<u>249,223</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>284,582</u>	<u>(284,582)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>2,266,472</u>	<u>269,515</u>	<u>2,535,987</u>
Expenses			
Program Services	<u>1,445,902</u>	<u>-</u>	<u>1,445,902</u>
Supporting Activities			
Management and general	353,089	-	353,089
Fundraising	<u>334,400</u>	<u>-</u>	<u>334,400</u>
Total Supporting Activities	<u>687,489</u>	<u>-</u>	<u>687,489</u>
Total Expenses	<u>2,133,391</u>	<u>-</u>	<u>2,133,391</u>
Change in Net Assets	133,081	269,515	402,596
Net Assets, Beginning of Year	<u>5,832,212</u>	<u>572,200</u>	<u>6,404,412</u>
Net Assets, End of Year	<u>\$ 5,965,293</u>	<u>\$ 841,715</u>	<u>\$ 6,807,008</u>

**Gateway to Hope  
Statement of Activities  
Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 983,772	\$ 554,700	\$ 1,538,472
In-kind contributions	19,790	-	19,790
Other revenue	19,497	-	19,497
Investment income, net	107,627	-	107,627
Net unrealized loss on investments	<u>(974,173)</u>	<u>-</u>	<u>(974,173)</u>
	<u>156,513</u>	<u>554,700</u>	<u>711,213</u>
Gross special events revenue	250,936	-	250,936
Less cost of direct benefits to donors	<u>(94,943)</u>	<u>-</u>	<u>(94,943)</u>
Net special events revenue	<u>155,993</u>	<u>-</u>	<u>155,993</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>173,500</u>	<u>(173,500)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	<u>486,006</u>	<u>381,200</u>	<u>867,206</u>
Expenses			
Program Services	<u>1,252,525</u>	<u>-</u>	<u>1,252,525</u>
Supporting Activities			
Management and general	160,240	-	160,240
Fundraising	<u>281,835</u>	<u>-</u>	<u>281,835</u>
Total Supporting Activities	<u>442,075</u>	<u>-</u>	<u>442,075</u>
Total Expenses	<u>1,694,600</u>	<u>-</u>	<u>1,694,600</u>
Change in Net Assets	(1,208,594)	381,200	(827,394)
Net Assets, Beginning of Year	<u>7,040,806</u>	<u>191,000</u>	<u>7,231,806</u>
Net Assets, End of Year	<u>\$ 5,832,212</u>	<u>\$ 572,200</u>	<u>\$ 6,404,412</u>

**Gateway to Hope**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Supporting Activities			Total Supporting Activities	Total Expenses
	Program Services	Management and General	Fundraising		
Salaries and wages	\$ 748,209	\$ 155,619	\$ 215,020	\$ 370,639	\$ 1,118,848
Payroll taxes	52,585	10,747	18,574	29,321	81,906
Employee benefits	56,837	1,966	20,823	22,789	79,626
Total Personnel Expense	857,631	168,332	254,417	422,749	1,280,380
Bank fees	-	3,781	-	3,781	3,781
Computer services	8,742	1,512	1,395	2,907	11,649
Conferences, conventions, and meetings	4,105	3,633	406	4,039	8,144
Development fees	-	230	41,734	41,964	41,964
Direct assistance	177,814	-	-	-	177,814
Insurance	978	5,355	40	5,395	6,373
Marketing	18,579	2,336	29,181	31,517	50,096
Miscellaneous	13,287	29,872	1,676	31,548	44,835
Occupancy	12,777	40,953	488	41,441	54,218
Printing and publications	1,392	3,141	241	3,382	4,774
Professional fees	2,168	69,841	660	70,501	72,669
Specific assistance - individuals	321,092	-	-	-	321,092
Staff and volunteer appreciation	11,022	5,499	1,594	7,093	18,115
Supplies	8,654	6,567	1,067	7,634	16,288
Travel	3,100	2,788	955	3,743	6,843
Utilities	2,035	8,933	230	9,163	11,198
Total Expenses Before Depreciation	1,443,376	352,773	334,084	686,857	2,130,233
Depreciation	2,526	316	316	632	3,158
Total Expenses	\$ 1,445,902	\$ 353,089	\$ 334,400	\$ 687,489	\$ 2,133,391



**Gateway to Hope**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries and wages	\$ 637,515	\$ 54,969	\$ 167,200	\$ 222,169	\$ 859,684
Payroll taxes	43,653	4,296	12,062	16,358	60,011
Employee benefits	52,991	6,835	8,795	15,630	68,621
Total Personnel Expense	734,159	66,100	188,057	254,157	988,316
Bank fees	1,138	6,107	158	6,265	7,403
Computer services	3,904	2,640	240	2,880	6,784
Conferences, conventions, and meetings	-	579	-	579	579
Development fees	20,761	5,351	47,270	52,621	73,382
Direct assistance	115,892	-	13,333	13,333	129,225
Insurance	2,768	1,673	157	1,830	4,598
In-kind	-	-	4,000	4,000	4,000
Marketing	40,731	7,477	12,535	20,012	60,743
Miscellaneous	12,234	6,388	547	6,935	19,169
Occupancy	46,745	10,779	5,843	16,622	63,367
Printing and publications	1,127	2,146	419	2,565	3,692
Professional fees	453	36,107	7,949	44,056	44,509
Specific assistance - individuals	255,213	-	-	-	255,213
Staff and volunteer appreciation	3,490	3,413	526	3,939	7,429
Supplies	7,385	10,694	15	10,709	18,094
Utilities	5,893	707	707	1,414	7,307
Total Expenses Before Depreciation	1,251,893	160,161	281,756	441,917	1,693,810
Depreciation	632	79	79	158	790
Total Expenses	\$ 1,252,525	\$ 160,240	\$ 281,835	\$ 442,075	\$ 1,694,600

**Gateway to Hope**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 402,596	\$ (827,394)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	3,158	790
Realized and unrealized (gain) loss on investments	(560,745)	974,173
Noncash lease expense	(784)	5,593
Donated office equipment	-	(15,790)
(Increase) decrease in assets:		
Unconditional promises to give	(275,306)	(399,003)
Prepaid expenses	(2,519)	2,899
Increase (decrease) in liabilities:		
Accounts payable	16,929	6,704
Accrued expenses and other current liabilities	<u>11,338</u>	<u>1,217</u>
Net Cash Used in Operating Activities	<u>(405,333)</u>	<u>(250,811)</u>
 Cash Flows From Investing Activities		
Bequest of investments	-	(7,563)
Purchases of investments	(906,912)	(613,966)
Proceeds from sale of investments	<u>765,357</u>	<u>781,022</u>
Net Cash Provided by Investing Activities	<u>(141,555)</u>	<u>159,493</u>
 Net Decrease in Cash and Cash Equivalents	(546,888)	(91,318)
 Cash and Cash Equivalents, Beginning of Year	<u>1,239,740</u>	<u>1,331,058</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 692,852</u>	<u>\$ 1,239,740</u>

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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**

The Organization's programs remove barriers to lifesaving breast healthcare for people across Missouri and southern Illinois. The Organization's navigators provided comprehensive case management to over 400 individuals undergoing treatment for breast cancer. The Organization's staff had nearly 6,500 forms of contact with these patients throughout the year. In 2022, the Organization launched a navigation to the screening program. This new initiative supports individuals who have delayed their necessary routine breast screenings.

As a result of the Organization's programs and support, Organization's patients have maintained scheduled doctor appointments and adhered to prescribed medication regimens. Individuals served by the Organization's programs have reported being better able to cope, feeling more confident navigating their care, and better focused on their treatment and health.

**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.

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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.

**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 average cost 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 to be fully collectible.

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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 are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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

<u>Classification</u>	<u>Years</u>
Office equipment	5
Website	3

**Leases**

The Organization leases office space. The Organization assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Organization has recognized a liability representing the future lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term. The Organization elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Organization has elected to treat leases with a lease term of 12 months or less as short term leases and are not recorded on the statement of financial position. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

The Organization's lease includes one or more options to renew, with renewal terms that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Organization's sole discretion. The Organization has determined certain lease renewal options will not be exercised, and have not included them in the ROU asset and lease liability. In determining which renewal options the Organization is likely to execute, management reviewed the need for the location, the leasehold improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**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, 2023 and 2022.

**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 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 original restricted gift amounts, if any. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, the original value of restricted gifts donated to the endowment. Board designated amounts are classified as net assets without donor restrictions. Funds not required to be maintained in perpetuity are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

**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.

Grants are generally recognized as income in the period that specific services are provided. The Organization has a grant agreement with the Missouri Department of Health and Senior Services that includes optional grant years through 2028.

**Donated Materials (In-Kind)**

Donated noncash assets are recorded as contributions at their fair values at the date of the donation.

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**Functional Expense Allocation**

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

**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 2020 and later remain subject to examination by taxing authorities.

**Reclassifications**

Certain amounts in the 2022 financial statements have been reclassified to conform to the current year presentation.

**Subsequent Events**

The Organization has evaluated subsequent events through June 11, 2024, the date the financial statements were available to be issued.

**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.
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**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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.

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:

	2023			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 2,170,676	\$ 2,170,676	\$ -	\$ -
Exchange traded funds	3,115,420	3,115,420	-	-
Total Investments	<u>\$ 5,286,096</u>	<u>\$ 5,286,096</u>	<u>\$ -</u>	<u>\$ -</u>
	2022			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 1,864,999	\$ 1,864,999	\$ -	\$ -
Exchange traded funds	2,718,797	2,718,797	-	-
Total Investments	<u>\$ 4,583,796</u>	<u>\$ 4,583,796</u>	<u>\$ -</u>	<u>\$ -</u>



**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**4. Unconditional Promises to Give**

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

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 480,168	\$ 273,261
One to five years	<u>404,291</u>	<u>320,342</u>
	884,459	593,603
Less:		
Unamortized discount	<u>15,550</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 868,909</u>	<u>\$ 593,603</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.0 percent based on daily treasury rates at December 31, 2023. The Organization determined that a discount to net present value was not required at December 31, 2022. Unconditional promises to give are classified on the statements of financial position at December 31, as follows:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give - current	\$ 480,168	\$ 273,261
Unconditional promises to give - long term	<u>388,741</u>	<u>320,342</u>
	<u>\$ 868,909</u>	<u>\$ 593,603</u>

**5. Property and Equipment**

Property and equipment at December 31, is as follows:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 15,790	\$ 15,790
Website	<u>7,000</u>	<u>7,000</u>
	22,790	22,790
Less accumulated depreciation	<u>10,948</u>	<u>7,790</u>
	<u>\$ 11,842</u>	<u>\$ 15,000</u>

Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$3,158 and \$790, respectively.

**Gateway to Hope**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**6. Leases**

The Organization has an operating lease for office space. The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term		
Operating lease	3.5 years	4.5 years
Weighted Average Discount Rate		
Operating lease	2.75 percent	2.75 percent

The maturities of lease liabilities as of December 31, 2023 are as follows:

<u>Years Ending December 31,</u>		
2024		\$ 61,500
2025		63,000
2026		64,500
2027		<u>33,000</u>
Total Lease Payments		222,000
Less: Present Value Discount		<u>(10,252)</u>
Present Value of Lease Liability		<u>\$ 211,748</u>

The components of lease expense for the years ended December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 59,216	\$ 59,218
Short-term lease expense	<u>2,221</u>	<u>14,388</u>
Total lease expense	<u>\$ 61,437</u>	<u>\$ 73,606</u>

The following summarizes cash flow information related to the lease for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	\$ 60,000	\$ 53,625

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**7. Board Designated Funds**

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

	2023	2022
Designated for endowment purposes	\$ 5,086,096	\$ 4,583,796
	\$ 5,086,096	\$ 4,583,796

**8. Net Assets With Donor Restrictions**

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

	2023	2022
Subject to expenditures for specified purpose	\$ 611,715	\$ 552,200
Subject to passage of time	230,000	20,000
	\$ 841,715	\$ 572,200

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

	2023	2022
Released from restrictions of purpose	\$ 279,582	\$ 8,500
Released from restrictions of time	5,000	165,000
	\$ 284,582	\$ 173,500

**9. 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.

	2023	2022
Cash and cash equivalents	\$ 692,852	\$ 1,239,740
Unconditional promises to give, net	868,909	593,603
Investments, at fair value	5,286,096	4,583,796
Contractual or donor-imposed restrictions and internal designations:		
Donor restrictions	(841,715)	(572,200)
Board designated endowment fund	(5,086,096)	(4,583,796)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 920,046	\$ 1,261,143

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The endowment fund consist of funds designated by the Board of Directors as endowments. The board designated endowment of \$5,086,096, and \$4,583,796 at December 31, 2023 and 2022, respectively, is subject to discretionary spending. 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.

**10. Retirement Plan**

The Organization maintains a contributory retirement savings plan under Section 403(b) of the Code covering substantially all employees who meet certain eligibility requirements. Employer contributions to the plan totaled \$17,549 and \$16,999 for the years ended December 31, 2023 and 2022, respectively.

**11. Contributed Nonfinancial Assets**

The Organization received the following contributions of nonfinancial assets for the year ended December 31, 2022:

Donated office equipment	\$ 15,790
Donated materials	<u>4,000</u>
	<u>\$ 19,790</u>

Donated office equipment received by the Organization is recorded as in-kind contributions on the statement of activities with a corresponding increase to property and equipment. Donated material received by the Organization is recorded as in-kind contributions on the statements of activities and functional expenses. Donated office equipment and materials are valued by the donor and approximates fair value. Donated office equipment and materials are used in the operations of the Organization's programs.

**12. Endowment Fund**

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, 2023 and 2022, 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, 2023 or 2022.

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 2023 and 2022, 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.

Changes in endowment net assets for the years ended December 31, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ 4,583,796	\$ -	\$ 4,583,796
Contributions	15,721	-	15,721
Investment income, net	125,833	-	125,833
Net appreciation	560,746	-	560,746
Amounts appropriated for expenditure	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Endowment net assets, end of year	<u>\$ 5,086,096</u>	<u>\$ -</u>	<u>\$ 5,086,096</u>
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ 5,717,462	\$ -	\$ 5,717,462
Investment income, net	107,627	-	107,627
Net depreciation	(974,173)	-	(974,173)
Amounts appropriated for expenditure	<u>(267,120)</u>	<u>-</u>	<u>(267,120)</u>
Endowment net assets, end of year	<u>\$ 4,583,796</u>	<u>\$ -</u>	<u>\$ 4,583,796</u>

**13. Risks and Uncertainties**

**Concentrations**

Contributions from two and one donor(s) were approximately 32 and 40 percent of the Organization's contributions during the years ended December 31, 2023 and 2022, respectively. Unconditional promises to give from three and one donor(s) were approximately 81 and 92 percent of the Organization's unconditional promises to give at December 31, 2023 and 2022, respectively.

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**Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, investments, and unconditional promises to give. 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, 2023, there were cash balances of \$302,986 in excess of federally insured limits at the banks. Although the Organization is directly affected by the financial stability of its donor base, management does not believe significant credit risk exists at December 31, 2023.

The Organization maintains its investments 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, 2023, there were investment balances of \$4,786,096 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, 2023.