

GraceWay Village, Inc.
ANNUAL FINANCIAL REPORT

December 31, 2021

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
GraceWay Village, Inc.
Fort Pierce, Florida

Opinion

We have audited the accompanying financial statements of GraceWay Village, Inc. (the "Organization"), (a non-profit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2021 and the related statements of support and revenues, expenses and changes in net assets – modified cash basis, changes in cash – modified cash basis and functional expenses – modified cash basis for the year then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GraceWay Village, Inc. as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GraceWay Village, Inc. 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 GraceWay Village, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Directors
GraceWay Village, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

November 18, 2022

GraceWay Village, Inc.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
December 31, 2021

Assets

Current Assets	
Cash	\$ 213,692
Investments	83,182
Total Current Assets	296,874
Fixed Assets	
Property and equipment, net of accumulated depreciation (\$70,447)	1,193,498
Other Assets	
Prepaid expenses	285
Beneficial interest in assets held by others	27,689
Total Other Assets	27,974
Total Assets	\$ 1,518,346
Liabilities and Net Assets	
Current Liabilities	
Accrued payroll liabilities	\$ 2,978
Net Assets	
Without donor restrictions - board designated agency fund with the Community Foundation	27,689
Without donor restrictions	1,487,679
Total Net Assets	1,515,368
Total Liabilities and Net Assets	\$ 1,518,346

The accompanying notes to financial statements are an integral part of this statement.

GraceWay Village, Inc.
STATEMENT OF SUPPORT AND REVENUES, EXPENSES
AND CHANGES IN NET ASSETS – MODIFIED CASH BASIS
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Support			
Contributions	\$ 1,208,220	\$ 13,000	\$ 1,221,220
Grants	152,482	10,000	162,482
In-kind contributions	199,207	-	199,207
Total Support	<u>1,559,909</u>	<u>23,000</u>	<u>1,582,909</u>
Revenues and Gains			
Investment income	688	-	688
Rental income	6,900	-	6,900
Miscellaneous income	6,173	-	6,173
Total Revenues	<u>13,761</u>	<u>-</u>	<u>13,761</u>
Net assets released from restrictions	<u>47,322</u>	<u>(47,322)</u>	<u>-</u>
Total Support and Revenues	<u>1,620,992</u>	<u>(24,322)</u>	<u>1,596,670</u>
Expenses and Losses			
Program Services			
Outreach to needy individuals/families	462,852	-	462,852
Support Services			
General administration	60,269	-	60,269
Fundraising	3,174	-	3,174
Total Expenses	<u>526,295</u>	<u>-</u>	<u>526,295</u>
Change in Net Assets	1,094,697	(24,322)	1,070,375
Net Assets - January 1, 2021	<u>420,671</u>	<u>24,322</u>	<u>444,993</u>
Net Assets - December 31, 2021	<u>\$ 1,515,368</u>	<u>\$ -</u>	<u>\$ 1,515,368</u>

The accompanying notes to financial statements are an integral part of this statement.

GraceWay Village, Inc.
STATEMENT OF CHANGES IN CASH – MODIFIED CASH BASIS
For the Year Ended December 31, 2021

Cash Flows From Operating Activities

Increase in net assets	\$ 1,070,375
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	16,556
Decrease in prepaids and other assets	150,670
Decrease in payroll deductions payable	(230)
Decrease in accrued sales tax and credit cards payable	(809)
Net Cash Provided by Operating Activities	1,236,562

Cash Flows Used by Investing Activities

Purchases of fixed assets	(1,177,425)
Investment in assets held by others	(27,689)
Purchases of investments	(675,068)
Proceeds from sale of investments	745,153
Net Cash Used by Investing Activities	(1,135,029)

Net Increase in Cash

101,533

Cash, January 1, 2021

112,159

Cash, December 31, 2021

\$ 213,692

Supplemental disclosures for Statement of Changes in Cash

Donated securities

\$ 672,879

The accompanying notes to financial statements are an integral part of this statement.

GraceWay Village, Inc.
STATEMENT OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total Expenses
	Outreach	General Administration	Fundraising	
In-kind - goods	\$ 199,207	\$ -	\$ -	\$ 199,207
Salaries	87,475	27,701	1,458	116,634
Program expenses	40,069	-	-	40,069
Contract services	29,041	9,196	484	38,721
Insurance	14,530	4,602	242	19,374
Utilities	17,137	1,809	95	19,041
Depreciation	12,417	3,932	207	16,556
Repairs and maintenance	9,532	3,018	159	12,709
Payroll taxes and employee benefits	8,436	2,671	141	11,248
Accounting and legal fees	7,695	2,437	128	10,260
Credit card fees	6,161	1,951	103	8,215
Supplies	6,061	640	34	6,735
Advertising	6,112	-	-	6,112
Rental fees	3,750	-	-	3,750
Equipment rental	2,727	865	46	3,638
Printing	3,100	-	-	3,100
Dues and subscriptions	2,386	-	-	2,386
Other miscellaneous fees	1,497	474	25	1,996
Travel	1,770	187	10	1,967
Professional development	1,198	379	20	1,597
Fundraising - general	1,266	-	-	1,266
Postage	832	263	14	1,109
Licenses and fees	310	99	5	414
Investment fees	98	31	2	131
Meetings	45	14	1	60
Total Expenses	\$ 462,852	\$ 60,269	\$ 3,174	\$ 526,295

The accompanying notes to financial statements are an integral part of this statement.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GraceWay Village, Inc. (the "Organization") is a Florida nonprofit organization, incorporated May 15, 2009, which provides clothing, food and other basic needs for individuals and families in St. Lucie County through GraceWay Village Boutique and GraceWay Village Café.

Accounting Policies

GraceWay Village, Inc.'s policy is to maintain its accounting records and prepare its financial statements on the modified cash basis; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses and the related liabilities are recognized when paid rather than when the obligations are incurred.

Financial Statement Presentation

The financial statements are presented following the requirements of ASC 958 Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fixed Assets

Property and equipment are recorded at cost if purchased and at fair market value at the date of donation, if donated. Equipment and improvements are capitalized if the cost is \$1,000 or greater and a useful life when acquired of more than one (1) year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed. Depreciation on all assets is computed using the straight-line method over the estimated useful lives ranging from five to thirty-nine years.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Revenue Recognition

Support that is restricted by the donor is reported as an increase in assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts-in-Kind Contributions

The Organization periodically receives contributions in a form other than cash or investments. If the Organization receives a contribution of land, buildings or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meet the capitalization policy.

Functional Allocation of Expenses

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, the Organization charges cost to program services, thrift store, and management and general functions based on direct expenditures incurred. Expenses that are not directly identifiable with any other specific function are allocated based on evaluations of the related benefits.

Advertising

Advertising costs are generally expensed as incurred and totaled \$6,112 for the year ending December 31, 2021.

Tax Status

GraceWay Village, Inc. has qualified as a nonprofit organization, and is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation within the meaning of Section 509(a). The Organization's income tax return for fiscal year 2018, 2019, 2020 and remain open to examination by the Internal Revenue Service.

Investments

In accordance with the Organization's policy to maintain its accounting records and prepare its financial statements on the cash basis of accounting, investments are presented in the accompanying financial statements at cost rather than fair value.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash is comprised of the following as of December 31, 2021:

Checking	\$ 196,890
Money market	15,171
Other cash equivalents	1,630
Investment portfolio cash	<u>1</u>
Total Cash	<u><u>\$ 213,692</u></u>

At December 31, 2021, the Organization had deposits at various financial institutions with a carrying value of \$213,691, which was fully insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

NOTE 3 – INVESTMENTS

The Organization held the following investments at December 31, 2021:

Investment	Maturities	Cost	Fair Value
Equity securities	N/A	<u>\$ 83,182</u>	<u>\$ 88,178</u>

In accordance with the cash basis of accounting, investments are presented at cost in the accompanying financial statements. Fair market value was determined by the market price at year end.

Cash and securities held by brokerage institutions are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 and \$500,000 respectively. The asset protection provided by the SIPC is not against losses from fluctuations in the value of the securities, but rather only if the brokerage firm ceases doing business. Investments subject to market risk of fluctuations in value at December 31, 2021 include \$83,182 (cost) in marketable securities.

The Organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the December 31, 2021. Level 2 is for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable and is used in situations for which there is little, if any, market activity for the investment.

All equity securities are level 1 investments at December 31, 2021.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

During fiscal year 2021, the Organization established GraceWay Village Agency Fund (the "Fund") with the Community Foundation Martin – St. Lucie (the "TCF") and named the Organization as beneficiary. The Organization had granted the TCF variance power which give the TCF's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the TCF's investment and spending policies. The Organization reports the fair value of the Fund as a Beneficial Interest in Assets Held by Others in the Statement of Assets, Liabilities and Net Assets, with distributions and changes in value recognized in the Statement of Support, Revenues, Expenses, and Changes in Net Assets.

NOTE 5 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 are:

Cash	\$ 213,692
Investments	83,182
Total Financial Assets Available for General Expenditure	<u>\$ 296,874</u>

NOTE 6 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2021 is as follows:

Land	\$ 742,500
Construction in progress	67,125
Buildings	357,500
Building improvements	28,235
Software	3,600
Furniture and equipment	<u>64,985</u>
Total Property and Equipment	1,263,945
Less: Accumulated depreciation	<u>(70,447)</u>
Property and Equipment, Net	<u>\$ 1,193,498</u>

NOTE 7 – RESTRICTED NET ASSETS AND RELEASE OF RESTRICTED ASSETS

Net assets were released from grantor restrictions by incurring expenses satisfying the restricted purposes of the grant contract. A summary of net assets released from donor restrictions is as follows:

Purpose restriction accomplished:	
Outreach to individuals/families	<u>\$ 47,322</u>

Restrictions on assets result from contributions, grants or bequests that have been restricted by the donor.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 – DONATED GOODS AND SERVICES

The estimated fair market value of donated goods and services included in the financial statements for the year ended December 31, 2021, is as follows:

Support:	
Donated food	<u>\$ 199,207</u>

NOTE 9 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and investments – The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value.

The Organization reports its fair value measurements using a three-level hierarchy that prioritizes inputs used to measure fair value. Assets measured at fair value on a recurring and nonrecurring basis were determined to be:

	December 31, 2021 Fair Value	December 31, 2021 Level 1	December 31, 2021 Level 3
Beneficial interest in assets held by others	<u>\$ 27,689</u>	<u>\$ 347</u>	<u>\$ 27,342</u>

The composition of investments at December 31, 2021 is:

Description	Fair Value
Cash Equivalents Pool	\$ 347
Charles Schwab Actively Managed Pool	27,342
	<u>\$ 27,689</u>

The beneficial interest in assets held by the Community Foundation Martin – St. Lucie (the “TCF”) has been valued, as a practical expedient, at the fair value of the Organization’s share of the TCF’s investment pool as of the measurement date. The TCF values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the TCF, which includes private placements and other securities for which prices are not readily available, are determined by the management of the TCF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been use had a ready market existed for these investments.

GraceWay Village, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following is a summary of changes in assets held at fair value for the year ended December 31, 2021:

Balance at January 1, 2021	\$ -
Contributions to the Fund	27,145
Investment Income	675
Investment Fees	<u>(131)</u>
Balance at December 31, 2021	<u>\$ 27,689</u>

NOTE 11 – MANAGEMENT REVIEW

Subsequent events have been evaluated through November 18, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.