

GRACEWAY VILLAGE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023

GRACEWAY VILLAGE, INC.

Ft. Pierce, Florida

FINANCIAL STATEMENTS
December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
GraceWay Village, Inc.

Opinion

We have audited the accompanying financial statements of GraceWay Village, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 GraceWay Village, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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 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.
- 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 GraceWay Village, Inc.'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.

OFFUTT BARTON SCHLITT LLC

Vero Beach, Florida
July 10, 2024

**GRACEWAY VILLAGE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023**

ASSETS

Current assets

Cash and cash equivalents	\$	818,760
Grant receivable		8,400
Prepaid expenses		7,501
		834,661

Total current assets

834,661

Other assets

Property and equipment, net		1,307,850
Beneficial interest in assets held in community foundation		29,654
Investments		50,647
		1,388,151

Total other assets

1,388,151

Total assets

\$ 2,222,812

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	11,858
Accrued payroll liabilities		5,008
		16,866

Total current liabilities

16,866

Net assets

Without donor restrictions

Undesignated		1,717,638
Designated by the Board		29,654
		1,747,292

Total without donor restrictions

1,747,292

Net assets with donor restrictions

Purpose and time restrictions		458,654
		458,654

Total with donor restrictions

458,654

Total net assets

2,205,946

Total liabilities and net assets

\$ 2,222,812

See notes to the financial statements and Independent Auditors' Report.

GRACEWAY VILLAGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Contributions	\$ 330,427	\$ 146,502	\$ 476,929
Grants and contract revenues	78,504	8,400	86,904
Special events, net costs of direct benefit to donors of \$1,577	29,111	-	29,111
Contributions in-kind	260,429	252,845	513,274
Dividend and interest income	3,583	-	3,583
Unrealized loss on investments	3,373	-	3,373
Realized gain on investments	-	12,549	12,549
Rental revenue	7,200	-	7,200
Subtotal operating revenues	<u>712,627</u>	<u>420,296</u>	<u>1,132,923</u>
Net assets released from restriction	<u>54,365</u>	<u>(54,365)</u>	<u>-</u>
 Total operating revenues	 <u>766,992</u>	 <u>365,931</u>	 <u>1,132,923</u>
EXPENSES			
Program Services			
Outreach to needy individuals/families	593,845	-	593,845
Family transition living facility	46,965	-	46,965
Total program services	<u>640,810</u>	<u>-</u>	<u>640,810</u>
Support Services			
Management and general	27,281	-	27,281
Fundraising	626	-	626
Total support services	<u>27,907</u>	<u>-</u>	<u>27,907</u>
 Total expenses	 <u>668,717</u>	 <u>-</u>	 <u>668,717</u>
 Change in net assets	 98,275	 365,931	 464,206
Net assets, beginning of year	<u>1,649,017</u>	<u>92,723</u>	<u>1,741,740</u>
 Net assets, end of year	 <u>\$ 1,747,292</u>	 <u>\$ 458,654</u>	 <u>\$ 2,205,946</u>

See notes to the financial statements and Independent Auditors' Report.

GRACEWAY VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Family Transition</u>		<u>Management</u>	<u>Fundraising</u>	
	<u>Outreach</u>	<u>Living Facility</u>	<u>and General</u>		
Salaries	\$ 158,024	\$ 28,191	\$ 7,945	\$ -	\$ 194,160
Payroll taxes and benefits	12,107	2,112	648	-	14,867
Total payroll	170,131	30,303	8,593	-	209,027
In-kind goods	210,059	-	-	-	210,059
Program	95,442	-	-	-	95,442
Advertising	26,201	2,142	231	386	28,960
Repairs and maintenance	23,791	-	174	-	23,965
Utilities	22,712	-	-	-	22,712
Depreciation	6,891	8,309	4,864	203	20,267
Professional fees	6,900	2,800	6,661	-	16,361
Insurance	12,329	-	3,827	-	16,156
Office	8,212	1,235	2,835	35	12,317
Other	4,686	655	-	-	5,341
Printing	3,310	580	-	-	3,890
Occupancy	1,000	500	-	-	1,500
Postage & shipping	1,018	354	-	-	1,372
Dues and subscriptions	958	87	30	-	1,075
Investment	205	-	66	2	273
	\$ 593,845	\$ 46,965	\$ 27,281	\$ 626	\$ 668,717
	88.80%	7.02%	4.08%	0.09%	100.00%

See notes to the financial statements and Independent Auditors' Report.

**GRACEWAY VILLAGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 464,206
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	20,267
Beneficial interest in assets held by community foundation	(3,834)
Realized gain on investments	(12,549)
Unrealized gain on investments	(3,373)
Donated stock received	(303,216)
Changes in operating assets and liabilities:	
Grant receivable	2,100
Prepaid expenses	(3,439)
Accounts payable	3,458
Accrued payroll liabilities	1,586
	165,206
Net cash provided by operating activities	165,206

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	320
Redemption of certificate of deposit	188,602
Purchase of fixed assets	(103,259)
Proceeds from investments	265,428
	351,091
Net cash provided by investing activities	351,091
Net change in cash	516,297
Cash and cash equivalents, beginning of year	302,463
Cash and cash equivalents, end of year	\$ 818,760

See notes to the financial statements and Independent Auditors' Report.

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 NATURE OF ORGANIZATION

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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and 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 and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization recognizes grants, contracts and contributions of cash or other assets restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization recognizes revenues from exchange transactions when the service is rendered.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments in Securities

Investments are stated at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Donated investments are recorded at fair value at the time of receipt. Market value is determined by market quotations.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of assets ranging between 3 to 7 years for furniture, equipment and vehicles and 39 years for real property. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Gifts and Contributions

Gifts and contributions are recorded at their fair market value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions.

Donated Property and Services

Donated goods are reflected as contributions in-kind in the accompanying financial statements at their estimated values on the date of receipt.

GAAP requires recognition of contributed services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. Contributed services are recorded at their estimated fair value at the time the services are rendered. The Organization receives a significant amount of donated services from unpaid volunteers who assist in program operations, fundraising and special projects. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

Concentration of Credit Risk

The Organization maintains its bank accounts with financial institutions that have Federal Deposit Insurance Corporation (FDIC) coverage for up to \$250,000 through December 31, 2023. At December 31, 2023, the Organization had amounts that exceeded the federally insured limits by \$490,716. The Organization has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposits.

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Fair Value of Financial Instruments

The Organization's financial instruments, which include cash and cash equivalents, grant receivable, accounts payable and accrued expenses, are recorded at fair value on December 31, 2023.

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Costs that are directly related to the Organization's specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among program and supporting services. Certain costs are allocated based on a percentage of direct labor.

Federal Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB Accounting Standards Codification. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years prior to 2020.

Recent accounting pronouncements adopted:

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The Organization adopted ASU 2020-07 during the year ended December 31, 2023.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through July 10, 2024; the date the financial statements were available for issue, and has concluded that there were no significant subsequent events requiring recognition or disclosure.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$877,807 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include cash and cash equivalents of \$818,760, grant receivable of \$8,400 and investments of \$50,647. The Organization will additionally fund operating needs through grant funding, contributions, and fundraising income.

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 GRANT RECEIVABLE

A receivable is recognized by the Organization for grants or contracts to be received from the grantor or donor. The Organization had \$8,400 in grant receivable as of December 31, 2023. Based on the nature of the grant contract and previous collection history, the grant receivable was deemed to be fully collectible.

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

During 2021, the Organization established GraceWay Village Agency Fund (Fund) with the Community Foundation Martin – St. Lucie (TCF) and named the Organization as beneficiary. The Organization granted TCF variance power which gives TCF’s Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to TCF’s investment and spending policies. The fund is valued at \$29,654 as of December 31, 2023.

NOTE 6 INVESTMENTS

Investments are stated at fair value. Cost and fair value at December 31, 2023 are summarized as follows:

	Cost*	Fair Value**
Common stock	<u>\$ 50,370</u>	<u>\$ 50,647</u>
Total investments	<u>\$ 50,370</u>	<u>\$ 50,647</u>

**Cost is as of the date of purchase which may have been during prior fiscal years.*

***Fair Value represents the value of the funds as of December 31, 2023.*

Investment return is summarized as follows for the year ended December 31, 2023:

Dividend and interest income	\$ 391
Unrealized loss on investments	151
Realized gain on investments	<u>12,582</u>
	<u>\$ 13,124</u>

NOTE 7 FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
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- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar or identical assets or liabilities in active or inactive markets. Inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The Organization's investments measured at fair value on a recurring basis by the fair value hierarchy levels described above are as follows:

	December 31, 2023			
	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 50,647	\$ -	\$ -	\$ 50,647
Beneficial interest in assets held by community foundation	-	-	29,654	29,654
Total investments	\$ 50,647	\$ -	\$ 29,654	\$ 80,301

There were no significant transfers between levels.

NOTE 8 CONDITIONAL PROMISES TO GIVE

As of December 31, 2023, the Organization has received \$1 million of conditional commitments to make matching contributions that have not been recognized in these financial statements. Approximately \$265,000 of these conditions have been met and recognized as support during the year ended December 31, 2023. Revenues on these contributions will be recognized by the Organization in future periods as the matching requirements are met.

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

Buildings	\$	357,500
Leasehold Improvements		133,394
Furniture and Equipment		50,087
Construction in Progress		78,423
Land - Operating		<u>742,500</u>
 Total		 1,361,904
Less: accumulated depreciation		<u>(54,054)</u>
 Net property and equipment	 \$	 <u>1,307,850</u>

Depreciation expense totaled \$20,267 for the year ended December 31, 2023.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions activity for the year ended December 31, 2023 was as follows:

	<u>2022</u>	<u>Additions</u>	<u>Releases</u>	<u>2023</u>
Time Restrictions:				
Grants receivable	\$ 10,500	\$ 8,400	\$(10,500)	\$ 8,400
Purpose Restrictions:				
Family transition center	<u>82,223</u>	<u>411,896</u>	<u>(43,865)</u>	<u>450,254</u>
Total net assets with donor restrictions	<u>\$92,723</u>	<u>\$420,296</u>	<u>\$(54,365)</u>	<u>\$458,654</u>

NOTE 11 SPECIAL EVENTS

During the year ended December 31, 2023, the Organization held one major fundraising event. Revenue from special events was recorded at fair value net the costs of direct benefit to donors.

Special event revenue consists of the following at December 31, 2023:

Special events revenue	\$	30,688
Costs of direct benefit to donors		<u>(1,577)</u>
	\$	<u>29,111</u>

GRACEWAY VILLAGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 DONATED PROPERTY

During the year ended December 31, 2023, the Organization received and recorded the following donated property and services:

Common stock	\$	303,215
Food and other household items		178,130
Clothing		31,929
	<u>\$</u>	<u>513,274</u>

Contributed securities are liquidated as soon as possible and are utilized in the Organization's programs and supporting services, along with donated food and other household items and clothing.

NOTE 13 CHANGE IN BASIS OF ACCOUNTING

As discussed in Note 2 to the financial statements, in 2023 the Organization adopted a policy of preparing its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accompanying financial statements are intended to present the financial position and results of operations in accordance with GAAP. Prior to 2023, the Organization's financial statements were prepared on the modified cash basis; consequently, certain revenues and the related assets were recognized when received rather than when earned and certain expenses and the related liabilities were recognized when paid rather than when the obligations were incurred.

The following financial statement line items for 2022 were affected by the change in basis of accounting:

	As Originally Reported	Adj	As Adjusted
ASSETS			
Grant receivable	\$ -	\$ 10,500	\$ 10,500
Property and equipment, net	1,171,767	53,091	1,224,858
Total assets	1,689,970	63,592	1,753,562
LIABILITIES AND NET ASSETS			
Accounts payable	\$ -	\$ 8,400	\$ 8,400
Undesignated	1,578,505	44,692	1,623,197
Purpose and time restrictions	82,223	10,500	92,723
Net Assets	1,686,548	55,192	1,741,740
Total liabilities and net assets	\$ 1,689,970	\$ 63,592	\$ 1,753,562