



D A S H

DISTRICT ALLIANCE FOR SAFE HOUSING

**DISTRICT ALLIANCE FOR SAFE HOUSING, INC.
AND SUBSIDIARY**

**Consolidated Financial Statements and
Supplementary Information**

For the Years Ended September 30, 2021 and 2020



**and
Report Thereon**



DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

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For the Years Ended September 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
District Alliance for Safe Housing, Inc.
and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of District Alliance for Safe Housing, Inc. and Subsidiary (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2021 and 2020, 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.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
April 12, 2022

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 1,550,224 | \$ 2,315,237 |
| Grants and contributions receivable | 972,152 | 1,220,297 |
| Prepaid expenses and deposits | 98,587 | 41,928 |
| Total Current Assets | 2,620,963 | 3,577,462 |
| Property and equipment, net | 8,694,692 | 8,442,599 |
| TOTAL ASSETS | \$ 11,315,655 | \$ 12,020,061 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 459,488 | \$ 487,484 |
| Grants payable | 44,494 | - |
| Accrued interest payable | 224,772 | 204,758 |
| Line of credit | 511,029 | 512,123 |
| Notes payable, current portion | 775,077 | 908,561 |
| Total Current Liabilities | 2,014,860 | 2,112,926 |
| Deferred rent | 3,925 | 5,233 |
| Notes payable, net of current portion | 6,869,348 | 7,080,720 |
| TOTAL LIABILITIES | 8,888,133 | 9,198,879 |
| Net Assets | | |
| Without donor restrictions | 617,576 | 353,973 |
| With donor restrictions | 1,809,946 | 2,467,209 |
| TOTAL NET ASSETS | 2,427,522 | 2,821,182 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 11,315,655 | \$ 12,020,061 |

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2021 and 2020

| | 2021 | | | 2020 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Grants and contributions | \$ 4,584,729 | \$ 313,286 | \$ 4,898,015 | \$ 4,224,652 | \$ 279,150 | \$ 4,503,802 |
| Program service revenue | - | - | - | 177,170 | - | 177,170 |
| Donated goods and services | 111,887 | - | 111,887 | 159,024 | - | 159,024 |
| Interest and other income | 10,702 | - | 10,702 | 221,822 | - | 221,822 |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of purpose restrictions | 970,549 | (970,549) | - | 392,935 | (392,935) | - |
| TOTAL REVENUE AND SUPPORT | <u>5,677,867</u> | <u>(657,263)</u> | <u>5,020,604</u> | <u>5,175,603</u> | <u>(113,785)</u> | <u>5,061,818</u> |
| EXPENSES | | | | | | |
| Housing programs | 4,223,205 | - | 4,223,205 | 4,009,698 | - | 4,009,698 |
| General and administration | 1,023,639 | - | 1,023,639 | 666,233 | - | 666,233 |
| Fundraising | 353,670 | - | 353,670 | 329,922 | - | 329,922 |
| TOTAL EXPENSES | <u>5,600,514</u> | <u>-</u> | <u>5,600,514</u> | <u>5,005,853</u> | <u>-</u> | <u>5,005,853</u> |
| Non-operating activity: | | | | | | |
| PPP loan forgiveness | 186,250 | - | 186,250 | - | - | - |
| CHANGE IN NET ASSETS | 263,603 | (657,263) | (393,660) | 169,750 | (113,785) | 55,965 |
| NET ASSETS, BEGINNING OF YEAR | <u>353,973</u> | <u>2,467,209</u> | <u>2,821,182</u> | <u>184,223</u> | <u>2,580,994</u> | <u>2,765,217</u> |
| NET ASSETS, END OF YEAR | <u>\$ 617,576</u> | <u>\$ 1,809,946</u> | <u>\$ 2,427,522</u> | <u>\$ 353,973</u> | <u>\$ 2,467,209</u> | <u>\$ 2,821,182</u> |

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended September 30, 2021 and 2020

| | 2021 | | | 2020 | | | | |
|---------------------------------------|----------------------------|-------------------------------|--------------------------|----------------------------|----------------------------|-------------------------------|--------------------------|----------------------------|
| | Housing Programs | General and Administration | Fundraising | Total Expenses | Housing Programs | General and Administration | Fundraising | Total Expenses |
| Salaries and benefits | \$ 1,574,909 | \$ 433,245 | \$ 245,755 | \$ 2,253,909 | \$ 1,835,013 | \$ 142,571 | \$ 185,577 | \$ 2,163,161 |
| Resident assistance | 1,051,582 | 728 | 29 | 1,052,339 | 493,488 | 10 | - | 493,498 |
| Consultants and professional services | 478,354 | 392,112 | 87,621 | 958,087 | 449,656 | 289,990 | 131,663 | 871,309 |
| Depreciation and amortization | 261,234 | 4,088 | - | 265,322 | 255,003 | 13,702 | - | 268,705 |
| Repairs and maintenance | 237,270 | - | - | 237,270 | 225,036 | 7,233 | - | 232,269 |
| Bank fees and interest | 165,850 | 34,130 | 3,623 | 203,603 | 180,286 | 24,666 | 3,456 | 208,408 |
| Office expense | 147,312 | 33,788 | 15,593 | 196,693 | 160,798 | 14,467 | 8,930 | 184,195 |
| Utilities | 118,784 | - | - | 118,784 | 98,373 | - | - | 98,373 |
| Donated goods and services | - | 110,217 | - | 110,217 | 2,824 | 151,185 | - | 154,009 |
| Occupancy | 98,098 | - | - | 98,098 | 196,329 | - | - | 196,329 |
| Computer and technology support | 44,081 | 11,907 | 885 | 56,873 | 35,295 | 20,334 | 268 | 55,897 |
| Property tax | 41,886 | - | - | 41,886 | 62,367 | - | - | 62,367 |
| Staff travel | 3,095 | 3,424 | 164 | 6,683 | 15,230 | 2,075 | 28 | 17,333 |
| Bad debts | 750 | - | - | 750 | - | - | - | - |
| TOTAL EXPENSES | <u>\$ 4,223,205</u> | <u>\$ 1,023,639</u> | <u>\$ 353,670</u> | <u>\$ 5,600,514</u> | <u>\$ 4,009,698</u> | <u>\$ 666,233</u> | <u>\$ 329,922</u> | <u>\$ 5,005,853</u> |

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (393,660) | \$ 55,965 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 265,322 | 268,705 |
| Amortization of loan fees | 18,036 | 7,681 |
| Gain from forgiveness of loan | (81,292) | (81,292) |
| PPP loan forgiveness | (186,250) | - |
| Changes in assets and liabilities: | | |
| Grants and contributions receivable | 248,145 | (771,258) |
| Prepaid expenses and deposits | (56,659) | (12,619) |
| Accounts payable and accrued expenses | 22,858 | 170,205 |
| Grants payable | 44,494 | - |
| Accrued interest payable | 20,014 | 11,157 |
| Deferred rent | (1,308) | 198 |
| | <u>(100,300)</u> | <u>(351,258)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | <u>(568,269)</u> | <u>(183,382)</u> |
| | <u>(568,269)</u> | <u>(183,382)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on notes payable | (96,444) | (90,461) |
| Proceeds on notes payable | - | 186,250 |
| Borrowings under line of credit | <u>-</u> | <u>217,123</u> |
| | <u>(96,444)</u> | <u>312,912</u> |
| NET DECREASE IN CASH | <u>(765,013)</u> | <u>(221,728)</u> |
| CASH, BEGINNING OF YEAR | <u>2,315,237</u> | <u>2,536,965</u> |
| CASH, END OF YEAR | <u>\$ 1,550,224</u> | <u>\$ 2,315,237</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Cash paid during year for interest | <u>\$ 157,934</u> | <u>\$ 168,897</u> |
| Noncash investing and financing activities: | | |
| Gain from forgiveness of loan | <u>\$ 81,292</u> | <u>\$ 81,292</u> |
| PPP loan forgiveness | <u>\$ 186,250</u> | <u>\$ -</u> |
| Property and equipment included in accounts payable and accrued expenses | <u>\$ -</u> | <u>\$ 50,854</u> |

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies

Organizations

District Alliance for Safe Housing, Inc. (DASH) is a not-for-profit organization whose mission is to be an innovator in providing access to safe housing and services to survivors of domestic violence and sexual assault and their families as they rebuild their lives on their own terms. DASH was incorporated in October 2006 under the laws of the District of Columbia. These activities are funded primarily by grants and contributions.

DASH Properties, LLC (LLC) was formed as a wholly-owned subsidiary of DASH in April 2007 to own and manage the housing related to DASH's mission.

Principles of Consolidation

The consolidated financial statements include the accounts of DASH and LLC (hereafter collectively referred to as the Organization). Intercompany balances and transactions have been eliminated in consolidation.

Receivables

The Organization uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful receivables by specifically identifying troubled receivables. Receivables are written off when deemed uncollectible, and recoveries of receivables previously written off are recorded when received.

Property and Equipment and Related Depreciation and Amortization

Acquisitions of property and equipment with a cost greater than \$1,000 are capitalized. Office furniture and equipment are depreciated on a straight-line basis over five years. The building is depreciated on a straight-line basis over 40 years, and additional improvements to the building are depreciated on a straight-line basis over the shorter of the estimated life of the improvements or the remaining life of the building. Donated property and equipment are capitalized at fair value at the date of receipt and depreciated over the estimated life of the asset. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation or amortization is eliminated from the respective accounts and the resulting gain or loss, if any, is included in revenue and support or expenses in the accompanying consolidated statements of activities. The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the years ended September 30, 2021 and 2020.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of September 30, 2021 and 2020, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

Revenue Recognition

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Unconditional contributions are considered without restrictions and are available for general operations unless specifically restricted by the donor. The Organization reports unconditional grants of cash and other assets as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to particular purposes or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same reporting period in which the grants and contributions are made are recorded as revenue and support without donor restrictions.

The Organization also receives revenue from conditional federal and private grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the specified conditions. Amounts recognized under the agreements but not received are included in grants and contributions receivable in the accompanying statements of financial position. The Organization reports conditional donor-restricted contributions, whose both conditions and restrictions are met in the same year, as revenue and support within net assets without donor restrictions.

Program service revenue represents revenue earned on contracts in which the Organization is hired to perform a specific service. Program service revenue is recognized based on the payment terms established in the contracts and when the deliverables associated with the payment terms have been met.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized if the services create or enhance nonfinancial assets; or require specialized skills, are performed by people with those skills and would otherwise have to be purchased by the Organization.

Loan Financing Costs

Loan financing costs incurred in connection with the notes payable are being amortized using the straight-line method over the life of the loan, which approximates the effective interest method. Loan financing costs are reported as a direct deduction from the face amount of the note, and the related amortization is reported as interest expense.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salary expenses are allocated based on time and effort tracked by time sheets. Depreciation expenses are allocated by the square footage used by the related department.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following as of September 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|---------------------|
| District of Columbia grants | \$ 764,219 | \$ 792,324 |
| Other grants and contributions | 136,081 | 287,048 |
| Federal grants | <u>71,852</u> | <u>182,925</u> |
| Total Grants and Contributions Receivable | <u>\$ 972,152</u> | <u>\$ 1,220,297</u> |

As of September 30, 2021 and 2020, grants and contributions receivable were scheduled to be paid within one year and were considered to be fully collectible.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

2. Grants and Contributions Receivable (continued)

The Organization received grants totaling approximately \$1,217,000 to support various programs. These grants are subject to certain performance requirements and/or the incurrence of allowable qualifying expenses. The Organization recognized approximately \$501,000 as contributions for the year ended September 30, 2021. As of September 30, 2021, a cumulative total of approximately \$1,207,000 had been recognized on these conditional grants, with the remaining approximately \$10,000 yet to be recognized as revenue.

3. Property and Equipment

The Organization's property and equipment consisted of the following as of September 30, 2021 and 2020:

| | 2021 | 2020 |
|--|--------------|--------------|
| Land | \$ 1,299,499 | \$ 1,299,499 |
| Building and building improvements | 10,106,365 | 9,570,880 |
| Office furniture and equipment | 475,080 | 428,963 |
| Work-in-progress | - | 64,155 |
| Total Property and Equipment | 11,880,944 | 11,363,497 |
| Less: Accumulated Depreciation and Amortization | (3,186,252) | (2,920,898) |
| Property and Equipment, Net | \$ 8,694,692 | \$ 8,442,599 |

Depreciation expense for the years ended September 30, 2021 and 2020 was \$265,322 and \$268,705, respectively.

4. Notes Payable

The Organization's notes payable which were used for the acquisition and renovation of its housing building consisted of the following as of September 30, 2021 and 2020:

| | 2021 | 2020 |
|--|------|------|
| D.C. Department of Housing and Community Development (DHCD) financing in the amount of \$5,251,674, consisting of (1) a \$3,251,674 noninterest-bearing note that self-amortizes commencing on February 1, 2010, with no payments due and annual debt forgiveness of \$81,292 as long as the Organization remains compliant with the loan agreement and there is no uncured default; and (2) a \$2,000,000 note that bears interest at 1% per annum, | | |

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

4. Notes Payable (continued)

payable upon maturity, with monthly principal payments of \$5,057 commencing in February 2011, subject to the Organization's available cash flow, as defined in the loan agreement (no payments had been made through September 30, 2021). DHCD financing is secured by the Organization's property and equipment.

\$ 4,303,268 \$ 4,384,560

\$4,125,000 note payable, with interest at 4.75% per annum through August 31, 2020. The interest rate was lowered to 4.5% from September 1, 2020 until September 2022, then the rate adjusts to the greater of (i) the monthly average of the five-year Treasury constant as of the adjustment date plus 3.30%, or 4.75% per annum. Monthly principal and interest payments commenced in January 2018 and continuing through September 2027, when the balloon payment was due. The note payable is secured by a first priority lien on the Organization's property and equipment, the assignment of rents.

3,355,360 3,449,178

\$186,250 of Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) which the Organization entered into in April 2020. The loan has a fixed interest rate of 1% per annum. PPP established minimum amounts of the loans to be used to cover payroll costs and the remainder can be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels must be maintained. On August 25, 2021, the Organization received forgiveness of this loan from the SBA.

- 186,250

\$26,297 note payable, with interest at 2% per annum, and monthly principal and interest payments of \$252 through December 2020.

- 752

| | | |
|---------------------------------------|---------------------|---------------------|
| Total Notes Payable | 7,658,628 | 8,020,740 |
| Less: Current Portion | (775,077) | (908,561) |
| Less: Unamortized Debt Issuance Costs | <u>(14,203)</u> | <u>(31,459)</u> |
| Notes Payable, Net | <u>\$ 6,869,348</u> | <u>\$ 7,080,720</u> |

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

4. Notes Payable (continued)

The outstanding loan agreements contain certain covenants, events of default and other customary provisions. The Organization was in compliance with all financial covenants and customary provisions.

Future minimum principal payments or forgiveness on these promissory notes are as follows:

| <u>For the Year Ending</u> <u>September 30,</u> | |
|--|---------------------|
| 2022 | \$ 775,077 |
| 2023 | 230,953 |
| 2024 | 235,815 |
| 2025 | 241,683 |
| 2026 | 247,409 |
| Thereafter | <u>5,927,691</u> |
| Total Future Minimum Principal Payments | <u>\$ 7,658,628</u> |

Total interest expense was \$164,634 and \$180,054 for the years ended September 30, 2021 and 2020, respectively, and is included as part of bank fees and interest in the consolidated statements of functional expenses.

5. Line of Credit

The Organization has a \$750,000 line of credit agreement to support working capital requirements. The line of credit is secured by the Organization's real estate property, with interest rate ranging from WSJ prime rate minus 0.75% to WSJ minus 0.25% depending on the Organization's ongoing deposit balances with the financial institution. Interest rate was 2.5% as of September 30, 2021 and 2020. Interest expense was approximately \$13,300 and \$15,100 for the years ended September 30, 2021 and 2020, respectively. The Organization had an outstanding balance on this line of credit of \$511,029 and \$512,123 as of September 30, 2021 and 2020, respectively.

6. Commitments, Risks and Contingencies

Operating Lease

The Organization leases office space under a noncancelable 64-month operating lease which expires in December 2022. The lease agreement contains a fixed escalation clause for increases in the annual minimum rent. The fixed escalations are not considered significant to the consolidated financial statements, and rent expense under this lease is therefore recognized based on actual payments made each year.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

6. Commitments, Risks and Contingencies (continued)

Operating Lease (continued)

As of September 30, 2021, the future minimum lease payments were as follows:

| For the Year Ending September 30, | |
|--------------------------------------|------------------|
| 2022 | \$ 63,270 |
| 2023 | <u>16,180</u> |
| Total | <u>\$ 79,450</u> |

Revenue Concentration Risk

The Organization is primarily supported by federal and District of Columbia government agencies (approximately 77% and 72% of total revenue, excluding donated services, for the years ended September 30, 2021 and 2020, respectively) and is subject to availability of funds from these sources. As of September 30, 2021 and 2020, receivables related to federal and District of Columbia grants totaled \$836,071 and \$975,249, representing 86% and 80% of total grants and contributions receivable, respectively.

Concentration of Credit Risk

The Organization maintains its cash with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of September 30, 2021, the Organization exceeded the maximum limit insured by the FDIC by approximately \$1,208,000. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash.

Compliance Audits

The Organization has received federal and District of Columbia grants that are subject to review, audit and adjustment by the federal and District of Columbia granting agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal and District of Columbia granting agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal and District of Columbia granting agencies cannot be determined at this time and accordingly, the Organization has not accrued a liability on its consolidated financial statements as of September 30, 2021 and 2020.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. The Organization has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or results of operations is uncertain and being evaluated by management and the Board.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

7. Net Assets With Donor Restrictions

As of September 30, 2021 and 2020, net assets with donor restrictions were composed of the following:

| | 2021 | 2020 |
|---|--------------|--------------|
| Housing programs: | | |
| Capital campaign | \$ 1,316,268 | \$ 1,664,771 |
| Survivor resilience fund | 218,267 | 445,621 |
| Empowerment program | 172,395 | 349,915 |
| Safe night fund | 13,016 | - |
| Information technology and infrastructure upgrade | - | 6,902 |
| Time-restricted | 90,000 | - |
| Total Net Assets With Donor Restrictions | \$ 1,809,946 | \$ 2,467,209 |

8. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at September 30, 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|--------------|--------------|
| Cash | \$ 1,550,224 | 2,315,237 |
| Grants and contributions receivable | 972,152 | 1,220,297 |
| Total Financial Assets | 2,522,376 | 3,535,534 |
| Less: | | |
| Amounts unavailable for general expenditures within one year due to donor's restriction | (1,719,946) | (2,467,209) |
| Financial Assets Available to Meet General Expenditures Within One Year | \$ 802,430 | \$ 1,068,325 |

The Organization has various sources of liquidity at its disposal, including cash and receivables, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$750,000, of which approximately \$239,000 was unused and available to draw upon as of September 30, 2021 (see Note 5).

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

9. Donated Goods and Services

During the years ended September 30, 2021 and 2020, the Organization received in-kind services that consisted of consulting services, coaching and training, and legal services, totaling \$32,823 and \$119,761, respectively. The Organization also received miscellaneous donated goods for its various events totaling \$79,064 and \$39,263 for the years ended September 30, 2021 and 2020, respectively.

10. National Alliance for Safe Housing Program

The Organization has incubated and operated the National Alliance for Safe Housing program (the NASH Program) within the Organization for several years. In January 2019, the NASH Program incorporated as an independent 501(c)(3) organization known as National Alliance for Safe Housing, Inc. (NASH), but continued to operate within the Organization until September 2020, when the Organization signed an asset transfer agreement to transfer, contribute, and assign to NASH certain assets and resources associated with the NASH Program as defined in the agreement.

In addition, NASH assumed and agreed to pay all debts, obligations, or liabilities arising out of, resulting from, or related to the transferred assets. Furthermore, the Organization delivered to NASH a jointly reconciled financial statements setting forth income and expenses as of September 30, 2020, including all outstanding, unplanned accrued or incurred expenses related to the Organization's operation of the NASH Program not sufficiently covered by the NASH Programs' federal grant or other revenue. Those expenses, which NASH agreed to reimburse to the Organization, totaled \$128,567, and was recognized by the Organization as part of other income in the accompanying consolidated statement of activities during year ended September 30, 2020.

In conjunction with the asset transfer agreement, the Organization signed an agreement with NASH in August 2020, to subaward the remaining balance on a three-year Department of Justice Office of Violence against Women grant to NASH effective October 1, 2020.

11. Retirement Plan

The Organization has a new defined contribution plan (the Plan) for the benefit of its employees. Eligible employees begin participation in the Plan on the first day of the month following completion of a three-month period of service and the attainment of age 21. After the completion of one year of service, the Organization matches an employee's contribution, dollar for dollar, up to 3% of the employee's salary, which is the maximum amount that the Organization contributes. An employee may make contributions of his or her salary up to the annual statutory limits.

The Organization's expenses related to the plan totaled \$15,588 for the year ended September 30, 2021.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2021 and 2020

12. Income Taxes

DASH is a not-for-profit organization as defined by Internal Revenue Code (IRC) Section 501(c)(3) and is exempt from the payment of taxes on income other than net unrelated business income. DASH has been designated by the Internal Revenue Service as a “publicly supported” organization under Section 509(a) of the IRC. LLC is a limited liability company whose operating results flow through to DASH, which is its only member. LLC is a disregarded entity for income tax purposes. For the years ended September 30, 2021 and 2020, no provision for income taxes was made, as the Organization had no significant net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. The Organization performed an evaluation of uncertainty in income taxes for the years ended September 30, 2021 and 2020, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of September 30, 2021, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns; however, there are currently no audits for any tax periods in progress or pending. It is the Organization’s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense. As of September 30, 2021 and 2020, the Organization had no accruals for interest and/or penalties.

13. Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 financial statement presentation.

14. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 12, 2022, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULES OF FINANCIAL POSITION

September 30, 2021 and 2020

| | 2021 | | | | 2020 | | | |
|---|---------------------|---------------------|-----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | DASH | LLC | Elimination | Total | DASH | LLC | Elimination | Total |
| ASSETS | | | | | | | | |
| Current assets | | | | | | | | |
| Cash | \$ 1,468,213 | \$ 82,011 | \$ - | \$ 1,550,224 | \$ 2,250,948 | \$ 64,289 | \$ - | \$ 2,315,237 |
| Grants and contributions receivable | 972,152 | - | - | 972,152 | 1,220,297 | - | - | 1,220,297 |
| Due from affiliate | - | 230,410 | (230,410) | - | - | 275,224 | (275,224) | - |
| Prepaid expenses and other | 98,387 | 200 | - | 98,587 | 41,928 | - | - | 41,928 |
| Total Current Assets | 2,538,752 | 312,621 | (230,410) | 2,620,963 | 3,513,173 | 339,513 | (275,224) | 3,577,462 |
| Investment in LLC | 940,307 | - | (940,307) | - | 646,213 | - | (646,213) | - |
| Property and equipment, net | 64,876 | 8,629,816 | - | 8,694,692 | 60,428 | 8,382,171 | - | 8,442,599 |
| TOTAL ASSETS | \$ 3,543,935 | \$ 8,942,437 | \$ (1,170,717) | \$ 11,315,655 | \$ 4,219,814 | \$ 8,721,684 | \$ (921,437) | \$ 12,020,061 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Liabilities | | | | | | | | |
| Current liabilities | | | | | | | | |
| Accounts payable and accrued expenses | \$ 326,555 | \$ 132,933 | \$ - | \$ 459,488 | \$ 419,050 | \$ 68,434 | \$ - | \$ 487,484 |
| Grants payable | 44,494 | - | - | 44,494 | - | - | - | - |
| Accrued interest payable | - | 224,772 | - | 224,772 | - | 204,758 | - | 204,758 |
| Due to affiliate | 230,410 | - | (230,410) | - | 275,224 | - | (275,224) | - |
| Line of credit | 511,029 | - | - | 511,029 | 512,123 | - | - | 512,123 |
| Notes payable, current portion | - | 775,077 | - | 775,077 | 187,002 | 721,559 | - | 908,561 |
| Total Current Liabilities | 1,112,488 | 1,132,782 | (230,410) | 2,014,860 | 1,393,399 | 994,751 | (275,224) | 2,112,926 |
| Deferred rent | 3,925 | - | - | 3,925 | 5,233 | - | - | 5,233 |
| Notes payable, net of current portion | - | 6,869,348 | - | 6,869,348 | - | 7,080,720 | - | 7,080,720 |
| TOTAL LIABILITIES | 1,116,413 | 8,002,130 | (230,410) | 8,888,133 | 1,398,632 | 8,075,471 | (275,224) | 9,198,879 |
| Net Assets | | | | | | | | |
| Without donor restrictions | 617,576 | - | - | 617,576 | 353,973 | - | - | 353,973 |
| With donor restrictions | 1,809,946 | - | - | 1,809,946 | 2,467,209 | - | - | 2,467,209 |
| Member's equity | - | 940,307 | (940,307) | - | - | 646,213 | (646,213) | - |
| TOTAL NET ASSETS | 2,427,522 | 940,307 | (940,307) | 2,427,522 | 2,821,182 | 646,213 | (646,213) | 2,821,182 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,543,935 | \$ 8,942,437 | \$ (1,170,717) | \$ 11,315,655 | \$ 4,219,814 | \$ 8,721,684 | \$ (921,437) | \$ 12,020,061 |

See independent auditors' report on supplementary information.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULES OF ACTIVITIES

For the Years Ended September 30, 2021 and 2020

| | 2021 | | | | | | 2020 | | | | | |
|--|----------------------------|-------------------------|---------------------|----------------------------|---------------------|---------------------|----------------------------|-------------------------|---------------------|----------------------------|---------------------|---------------------|
| | DASH | | | LLC | | | DASH | | | LLC | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | Elimination | Total | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | Elimination | Total |
| REVENUE AND SUPPORT | | | | | | | | | | | | |
| Grants and contributions | \$ 4,503,437 | \$ 313,286 | \$ 4,816,723 | \$ 81,292 | \$ - | \$ 4,898,015 | \$ 4,143,360 | \$ 279,150 | \$ 4,422,510 | \$ 81,292 | \$ - | \$ 4,503,802 |
| Program service revenue | - | - | - | - | - | - | 177,170 | - | 177,170 | - | - | 177,170 |
| Donated goods and services | 111,887 | - | 111,887 | - | - | 111,887 | 159,024 | - | 159,024 | - | - | 159,024 |
| Interest and other income | 8,639 | - | 8,639 | 413,504 | (411,441) | 10,702 | 149,910 | - | 149,910 | 136,067 | (64,155) | 221,822 |
| Facility operation support | - | - | - | 1,067,846 | (1,067,846) | - | - | - | - | 794,100 | (794,100) | - |
| Share in net losses of a subsidiary | 294,094 | - | 294,094 | - | (294,094) | - | (47,580) | - | (47,580) | - | 47,580 | - |
| Net assets released from restrictions: | | | | | | | | | | | | |
| Satisfaction of purpose restrictions | 970,549 | (970,549) | - | - | - | - | 392,935 | (392,935) | - | - | - | - |
| TOTAL REVENUE AND SUPPORT | 5,888,606 | (657,263) | 5,231,343 | 1,562,642 | (1,773,381) | 5,020,604 | 4,974,819 | (113,785) | 4,861,034 | 1,011,459 | (810,675) | 5,061,818 |
| EXPENSES | | | | | | | | | | | | |
| Housing programs | 4,475,844 | - | 4,475,844 | 1,226,648 | (1,479,287) | 4,223,205 | 3,838,914 | - | 3,838,914 | 1,029,039 | (858,255) | 4,009,698 |
| General and administration | 981,739 | - | 981,739 | 41,900 | - | 1,023,639 | 636,233 | - | 636,233 | 30,000 | - | 666,233 |
| Fundraising | 353,670 | - | 353,670 | - | - | 353,670 | 329,922 | - | 329,922 | - | - | 329,922 |
| TOTAL EXPENSES | 5,811,253 | - | 5,811,253 | 1,268,548 | (1,479,287) | 5,600,514 | 4,805,069 | - | 4,805,069 | 1,059,039 | (858,255) | 5,005,853 |
| Non-operating activity: | | | | | | | | | | | | |
| PPP loan forgiveness | 186,250 | - | 186,250 | - | - | 186,250 | - | - | - | - | - | - |
| CHANGE IN NET ASSETS | 263,603 | (657,263) | (393,660) | 294,094 | (294,094) | (393,660) | 169,750 | (113,785) | 55,965 | (47,580) | 47,580 | 55,965 |
| NET ASSETS, BEGINNING OF YEAR | 353,973 | 2,467,209 | 2,821,182 | 646,213 | (646,213) | 2,821,182 | 184,223 | 2,580,994 | 2,765,217 | 693,793 | (693,793) | 2,765,217 |
| NET ASSETS, END OF YEAR | \$ 617,576 | \$ 1,809,946 | \$ 2,427,522 | \$ 940,307 | \$ (940,307) | \$ 2,427,522 | \$ 353,973 | \$ 2,467,209 | \$ 2,821,182 | \$ 646,213 | \$ (646,213) | \$ 2,821,182 |

See independent auditors' report on supplementary information.