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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, 2022 and 2021



**and
Report Thereon**



DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of District Alliance for Safe Housing, Inc. and Subsidiary (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated 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.

Other Matter

Supplementary Information

Our audits were 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 audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
June 26, 2023

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash	\$ 544,182	\$ 1,550,224
Restricted cash	50,000	-
Grants and contributions receivable	1,464,885	972,152
Prepaid expenses and deposits	91,957	98,587
Total Current Assets	2,151,024	2,620,963
Property and equipment, net	9,593,348	8,694,692
TOTAL ASSETS	\$ 11,744,372	\$ 11,315,655
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 652,796	\$ 459,488
Grants payable	-	44,494
Accrued interest payable	270,637	224,772
Refundable grant advance	29,214	-
Line of credit	512,123	511,029
Notes payable, current portion	807,216	775,077
Total Current Liabilities	2,271,986	2,014,860
Deferred rent	1,074	3,925
Notes payable, net of current portion	6,671,915	6,869,348
TOTAL LIABILITIES	8,944,975	8,888,133
Net Assets		
Without donor restrictions	1,647,421	617,576
With donor restrictions	1,151,976	1,809,946
TOTAL NET ASSETS	2,799,397	2,427,522
TOTAL LIABILITIES AND NET ASSETS	\$ 11,744,372	\$ 11,315,655

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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 6,866,595	\$ 876,920	\$ 7,743,515	\$ 4,584,729	\$ 313,286	\$ 4,898,015
Donated goods and services	131,735	-	131,735	111,887	-	111,887
Interest and other income	12,740	-	12,740	10,702	-	10,702
Net assets released from restrictions:						
Satisfaction of purpose restrictions	1,494,890	(1,494,890)	-	970,549	(970,549)	-
Satisfaction of time restrictions	40,000	(40,000)	-	-	-	-
	8,545,960	(657,970)	7,887,990	5,677,867	(657,263)	5,020,604
TOTAL REVENUE AND SUPPORT						
EXPENSES						
Housing programs	5,223,210	-	5,223,210	4,223,205	-	4,223,205
General and administration	1,979,260	-	1,979,260	1,023,639	-	1,023,639
Fundraising	313,645	-	313,645	353,670	-	353,670
	7,516,115	-	7,516,115	5,600,514	-	5,600,514
TOTAL EXPENSES						
Non-operating activity:						
PPP loan forgiveness	-	-	-	186,250	-	186,250
	1,029,845	(657,970)	371,875	263,603	(657,263)	(393,660)
CHANGE IN NET ASSETS						
NET ASSETS, BEGINNING OF YEAR	617,576	1,809,946	2,427,522	353,973	2,467,209	2,821,182
NET ASSETS, END OF YEAR	\$ 1,647,421	\$ 1,151,976	\$ 2,799,397	\$ 617,576	\$ 1,809,946	\$ 2,427,522

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, 2022 and 2021

	2022			2021				
	Housing Programs	General and Administration	Fundraising	Total Expenses	Housing Programs	General and Administration	Fundraising	Total Expenses
Salaries and benefits	\$ 1,907,173	\$ 1,040,134	\$ 233,471	\$ 3,180,778	\$ 1,574,909	\$ 433,245	\$ 245,755	\$ 2,253,909
Survivor assistance	1,483,905	506	86	1,484,497	1,051,582	728	29	1,052,339
Consultants, partnerships, and professional services	432,636	666,995	48,817	1,148,448	478,354	392,112	87,621	958,087
Occupancy	617,665	39,648	78	657,391	216,882	-	-	216,882
Depreciation and amortization	275,462	11,749	-	287,211	261,234	4,088	-	265,322
Other operating expenses	195,596	64,477	29,060	289,133	195,238	49,119	16,642	260,999
Interest, taxes, and fees	238,431	21,594	2,100	262,125	207,736	34,130	3,623	245,489
Repairs and maintenance	71,651	-	-	71,651	237,270	-	-	237,270
Donated goods and services	691	134,157	33	134,881	-	110,217	-	110,217
TOTAL EXPENSES	\$ 5,223,210	\$ 1,979,260	\$ 313,645	\$ 7,516,115	\$ 4,223,205	\$ 1,023,639	\$ 353,670	\$ 5,600,514

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, 2022 and 2021

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 371,875	\$ (393,660)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	287,211	265,322
Amortization of loan fees	13,265	18,036
Gain from forgiveness of loan	(81,292)	(81,292)
PPP loan forgiveness	-	(186,250)
Changes in assets and liabilities:		
Grants and contributions receivable	(492,733)	248,145
Prepaid expenses and deposits	6,630	(56,659)
Accounts payable and accrued expenses	193,308	22,858
Grants payable	(44,494)	44,494
Accrued interest payable	45,865	20,014
Refundable grant advance	29,214	-
Deferred rent	(2,851)	(1,308)
	325,998	(100,300)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,185,867)	(568,269)
	(1,185,867)	(568,269)
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(97,267)	(96,444)
Proceeds from line of credit	1,094	-
	(96,173)	(96,444)
NET CASH USED IN FINANCING ACTIVITIES		
NET DECREASE IN CASH	(956,042)	(765,013)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	1,550,224	2,315,237
CASH AND RESTRICTED CASH, END OF YEAR	\$ 594,182	\$ 1,550,224
Cash	\$ 544,182	\$ 1,550,224
Restricted Cash	50,000	-
	\$ 594,182	\$ 1,550,224
TOTAL CASH AND RESTRICTED CASH		
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during year for interest	\$ 167,323	\$ 157,934
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Gain from forgiveness of loan	\$ 81,292	\$ 81,292
PPP loan forgiveness	\$ -	\$ 186,250

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, 2022 and 2021

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 and sexual violence 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 \$5,000 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 (at a cost greater than \$5,000) 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, 2022 and 2021.

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.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years Ended September 30, 2022 and 2021

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

Classification of Net Assets (continued)

- 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, 2022 and 2021, 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 without donor restrictions and reported in the accompanying statements 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, District of Columbia, 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.

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.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2022 and 2021

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

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, such as salaries and benefits and depreciation and amortization expense, 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 timesheets.

Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis. The Organization adopted the guidance under ASU 2020-07 for the fiscal year ending September 30, 2022. Further disclosure of the impact of adopting ASU 2020-07 is disclosed in Note 9 of the consolidated financial statements.

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
District of Columbia grants	\$ 881,423	\$ 764,219
Federal grants	395,836	71,852
Other grants and contributions	<u>187,626</u>	<u>136,081</u>
Total Grants and Contributions Receivable	<u>\$ 1,464,885</u>	<u>\$ 972,152</u>

As of September 30, 2022 and 2021, grants and contributions receivable were scheduled to be paid within one year and were considered to be fully collectible.

The Organization received grants totaling approximately \$723,000 to support various programs. These grants are subject to certain performance requirements and/or the incurrence of allowable qualifying expenses. As of September 30, 2022, a total of approximately \$141,000 had been recognized on these conditional grants, with the remaining \$582,000 yet to be recognized as revenue.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2022 and 2021

3. Property and Equipment

The Organization's property and equipment consisted of the following as of September 30, 2022 and 2021:

	2022	2021
Land	\$ 1,299,499	\$ 1,299,499
Building and building improvements	11,292,232	10,106,365
Office furniture and equipment	475,080	475,080
Total Property and Equipment	13,066,811	11,880,944
Less: Accumulated Depreciation and Amortization	(3,473,463)	(3,186,252)
Property and Equipment, Net	\$ 9,593,348	\$ 8,694,692

Depreciation expense for the years ended September 30, 2022 and 2021 was \$287,211 and \$265,322, 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, 2022 and 2021:

	2022	2021
<p>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, 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, 2022). DHCD financing is secured by the Organization's property and equipment.</p>	\$ 4,221,976	\$ 4,303,268

\$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

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2022 and 2021

4. Notes Payable (continued)

(continued)

September 2022, then the rate adjusted to 6.375%. This was the greater of (i) the monthly average of the five-year Treasury constant as of the adjustment date plus 3.30%, or (ii) 4.75% per annum. Monthly principal and interest payments commenced in January 2018 and will continue through September 2027, when the balloon payment is due. The note payable is secured by a first priority lien on the Organization's property and equipment, the assignment of rents.

	<u>\$ 3,258,093</u>	<u>\$ 3,355,360</u>
Total Notes Payable	7,480,069	7,658,628
Less: Current Portion	(807,216)	(775,077)
Less: Unamortized Debt Issuance Costs	<u>(938)</u>	<u>(14,203)</u>
Notes Payable, Net	<u>\$ 6,671,915</u>	<u>\$ 6,869,348</u>

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>	
2023	\$ 807,216
2024	216,116
2025	222,992
2026	229,724
2027	3,023,093
Thereafter	<u>2,980,928</u>
Total Future Minimum Principal Payments	<u>\$ 7,480,069</u>

Total interest expense was \$196,924 and \$164,634 for the years ended September 30, 2022 and 2021, respectively, and is included as part of interest, taxes, and fees 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

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2022 and 2021

5. Line of Credit (continued)

the Organization's ongoing deposit balances with the financial institution. Interest rate was 5.25% and 2.5% as of September 30, 2022 and 2021, respectively. Interest expense was approximately \$16,300 and \$13,300 for the years ended September 30, 2022 and 2021, respectively. The Organization had an outstanding balance on this line of credit of \$512,123 and \$511,029 as of September 30, 2022 and 2021, respectively.

6. Commitments, Risks and Contingencies

Operating Lease

The Organization leases office space under a noncancelable 64-month operating lease which was set to expire in January 2023. During August 2022, the lease was renewed for a period of 39 months, commencing February 2023 and ending April 2026. The lease agreement contains a fixed escalation clause for increases in the annual minimum rent.

As of September 30, 2022, the future minimum lease payments were as follows:

<u>For the Year Ending</u> <u>September 30,</u>	
2023	\$ 89,226
2024	74,870
2025	76,751
2026	<u>45,850</u>
Total	<u>\$ 286,697</u>

Revenue Concentration Risk

The Organization is primarily supported by federal and District of Columbia government agencies (approximately 79% and 77% of total revenue, excluding donated services, for the years ended September 30, 2022 and 2021, respectively) and is subject to availability of funds from these sources. As of September 30, 2022 and 2021, receivables related to federal and District of Columbia grants totaled \$1,277,259 and \$836,071, representing 87% and 79% 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, 2022, the Organization exceeded the maximum limit insured by the FDIC by approximately \$361,400. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

6. Commitments, Risks and Contingencies (continued)

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 although the Organization expects such amounts, if any, to be insignificant. Accordingly, the Organization has not accrued a liability on its consolidated financial statements as of September 30, 2022 and 2021.

7. Net Assets With Donor Restrictions

As of September 30, 2022 and 2021, net assets with donor restrictions were composed of the following:

	2022	2021
Housing programs:		
Capital Campaign	\$ 501,831	\$ 145,067
Day 1 Families Fund	311,525	1,515,991
Capacity building	199,264	-
Safe Nights Fund	47,505	13,016
Survivor Resilience Fund	26,321	45,872
Other	15,530	-
Time-restricted	50,000	90,000
Total Net Assets With Donor Restrictions	\$ 1,151,976	\$ 1,809,946

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 statements of financial position date for general expenditures at September 30, 2022 and 2021 were as follows:

	2022	2021
Cash	\$ 544,182	1,550,224
Grants and contributions receivable	1,464,885	972,152
Total Financial Assets	2,009,067	2,522,376
Less:		
Amounts unavailable for general expenditures within one year due to donor's restriction	(1,120,499)	(1,719,946)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 888,568	\$ 802,430

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

8. Availability of Resources and Liquidity (continued)

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 \$237,877 was unused and available to draw upon as of September 30, 2022 (see Note 5).

9. Donated Goods and Services

For years ended September 30 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	<u>2022</u>	<u>2021</u>
Services	\$ 69,876	32,382
Household goods	57,759	69,870
Clothing	4,100	7,460
Use of facilities	<u>-</u>	<u>2,175</u>
Total	<u>\$ 131,735</u>	<u>\$ 111,887</u>

The Organization recognized contributed nonfinancial assets within revenue, including services, household goods, clothing, and facility usage. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed household goods and clothing were used in domestic and sexual violence survivor programs. In valuing household goods and clothing, the Organization estimated the fair value based on estimates values that would be received for selling similar products in the United States. Contributed services recognized comprise professional services from attorneys advising the Organization on various administrative legal matters, as well as photography, coaching, and graphic design services. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services. Contributed use of facilities is valued and reported at the rental fair value of similar spaces.

10. 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, 2022 and 2021, no provision for income taxes was made, as the Organization had no significant net unrelated business income.

DISTRICT ALLIANCE FOR SAFE HOUSING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

10. Income Taxes (continued)

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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, the Organization had no accruals for interest and/or penalties.

11. Retirement Plan

The Organization has a 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 \$66,217 and \$15,588 for the years ended September 30, 2022 and 2021, respectively.

12. Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 financial statement presentation.

13. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 26, 2023, 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, 2022 and 2021

	2022				2021			
	DASH	LLC	Elimination	Total	DASH	LLC	Elimination	Total
ASSETS								
Current assets								
Cash	\$ 465,964	\$ 78,218	\$ -	\$ 544,182	\$ 1,468,213	\$ 82,011	\$ -	\$ 1,550,224
Restricted cash	50,000	-	-	50,000	-	-	-	-
Grants and contributions receivable	1,464,885	-	-	1,464,885	972,152	-	-	972,152
Due from affiliate	-	230,410	(230,410)	-	-	230,410	(230,410)	-
Prepaid expenses and other	91,957	-	-	91,957	98,387	200	-	98,587
Total Current Assets	2,072,806	308,628	(230,410)	2,151,024	2,538,752	312,621	(230,410)	2,620,963
Investment in LLC	2,099,862	-	(2,099,862)	-	940,307	-	(940,307)	-
Property and equipment, net	52,346	9,541,002	-	9,593,348	64,876	8,629,816	-	8,694,692
TOTAL ASSETS	\$ 4,225,014	\$ 9,849,630	\$ (2,330,272)	\$ 11,744,372	\$ 3,543,935	\$ 8,942,437	\$ (1,170,717)	\$ 11,315,655
LIABILITIES AND NET ASSETS								
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 652,796	\$ -	\$ -	\$ 652,796	\$ 326,555	\$ 132,933	\$ -	\$ 459,488
Grants payable	-	-	-	-	44,494	-	-	44,494
Accrued interest payable	-	270,637	-	270,637	-	224,772	-	224,772
Due to affiliate	230,410	-	(230,410)	-	230,410	-	(230,410)	-
Refundable grant advance	29,214	-	-	29,214	-	-	-	-
Line of credit	512,123	-	-	512,123	511,029	-	-	511,029
Notes payable, current portion	-	807,216	-	807,216	-	775,077	-	775,077
Total Current Liabilities	1,424,543	1,077,853	(230,410)	2,271,986	1,112,488	1,132,782	(230,410)	2,014,860
Deferred rent	1,074	-	-	1,074	3,925	-	-	3,925
Notes payable, net of current portion	-	6,671,915	-	6,671,915	-	6,869,348	-	6,869,348
TOTAL LIABILITIES	1,425,617	7,749,768	(230,410)	8,944,975	1,116,413	8,002,130	(230,410)	8,888,133
Net Assets								
Without donor restrictions	1,647,421	-	-	1,647,421	617,576	-	-	617,576
With donor restrictions	1,151,976	-	-	1,151,976	1,809,946	-	-	1,809,946
Member's equity	-	2,099,862	(2,099,862)	-	-	940,307	(940,307)	-
TOTAL NET ASSETS	2,799,397	2,099,862	(2,099,862)	2,799,397	2,427,522	940,307	(940,307)	2,427,522
TOTAL LIABILITIES AND NET ASSETS	\$ 4,225,014	\$ 9,849,630	\$ (2,330,272)	\$ 11,744,372	\$ 3,543,935	\$ 8,942,437	\$ (1,170,717)	\$ 11,315,655

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, 2022 and 2021

	2022						2021					
	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	\$ 6,785,303	\$ 876,920	\$ 7,662,223	\$ 81,292	\$ -	\$ 7,743,515	\$ 4,503,437	\$ 313,286	\$ 4,816,723	\$ 81,292	\$ -	\$ 4,898,015
Donated goods and services	131,735	-	131,735	-	-	131,735	111,887	-	111,887	-	-	111,887
Interest and other income	12,547	-	12,547	1,185,567	(1,185,374)	12,740	8,639	-	8,639	413,504	(411,441)	10,702
Facility operation support	-	-	-	961,471	(961,471)	-	-	-	-	1,067,846	(1,067,846)	-
Share in net losses of a subsidiary	1,159,555	-	1,159,555	-	(1,159,555)	-	294,094	-	294,094	-	(294,094)	-
Net assets released from restrictions:												
Satisfaction of purpose restrictions	1,494,890	(1,494,890)	-	-	-	-	970,549	(970,549)	-	-	-	-
Satisfaction of time restrictions	40,000	(40,000)	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	<u>9,624,030</u>	<u>(657,970)</u>	<u>8,966,060</u>	<u>2,228,330</u>	<u>(3,306,400)</u>	<u>7,887,990</u>	<u>5,888,606</u>	<u>(657,263)</u>	<u>5,231,343</u>	<u>1,562,642</u>	<u>(1,773,381)</u>	<u>5,020,604</u>
EXPENSES												
Housing programs	6,631,912	-	6,631,912	738,143	(2,146,845)	5,223,210	4,475,844	-	4,475,844	1,226,648	(1,479,287)	4,223,205
General and administration	1,648,628	-	1,648,628	330,632	-	1,979,260	981,739	-	981,739	41,900	-	1,023,639
Fundraising	313,645	-	313,645	-	-	313,645	353,670	-	353,670	-	-	353,670
TOTAL EXPENSES	<u>8,594,185</u>	<u>-</u>	<u>8,594,185</u>	<u>1,068,775</u>	<u>(2,146,845)</u>	<u>7,516,115</u>	<u>5,811,253</u>	<u>-</u>	<u>5,811,253</u>	<u>1,268,548</u>	<u>(1,479,287)</u>	<u>5,600,514</u>
Non-operating activity:												
PPP loan forgiveness	-	-	-	-	-	-	186,250	-	186,250	-	-	186,250
CHANGE IN NET ASSETS	1,029,845	(657,970)	371,875	1,159,555	(1,159,555)	371,875	263,603	(657,263)	(393,660)	294,094	(294,094)	(393,660)
NET ASSETS, BEGINNING OF YEAR	<u>617,576</u>	<u>1,809,946</u>	<u>2,427,522</u>	<u>940,307</u>	<u>(940,307)</u>	<u>2,427,522</u>	<u>353,973</u>	<u>2,467,209</u>	<u>2,821,182</u>	<u>646,213</u>	<u>(646,213)</u>	<u>2,821,182</u>
NET ASSETS, END OF YEAR	<u>\$ 1,647,421</u>	<u>\$ 1,151,976</u>	<u>\$ 2,799,397</u>	<u>\$ 2,099,862</u>	<u>\$ (2,099,862)</u>	<u>\$ 2,799,397</u>	<u>\$ 617,576</u>	<u>\$ 1,809,946</u>	<u>\$ 2,427,522</u>	<u>\$ 940,307</u>	<u>\$ (940,307)</u>	<u>\$ 2,427,522</u>

See independent auditors' report on supplementary information.