

**VERA HOUSE, INC. AND
VERA HOUSE FOUNDATION, INC.**

Combined Financial Statements

December 31, 2019 and 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Combined Statements of Financial Position	3
Combined Statements of Activities	4 - 5
Combined Schedules of Functional Expenses	6 - 7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9 - 19
SUPPLEMENTARY INFORMATION:	
Combining Statement of Financial Position at December 31, 2019	20
Combining Statement of Activities for the year ended December 31, 2019	21



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vera House, Inc. and Vera House Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of Vera House, Inc. and Vera House Foundation, Inc., (the Organizations), which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organizations as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits are conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining statements on pages 20 to 21 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Grossman SA. Amour CPA

Syracuse, New York
June 8, 2020

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
Assets:		
Cash and cash equivalents	\$ 568,696	\$ 750,121
Accounts and contributions receivable	1,057,240	1,051,691
Promises to give, net	61,485	120,770
Investments, at fair value	4,394,194	3,753,414
Prepaid expenses and other current assets	64,730	27,517
Property and equipment, net	2,048,748	2,053,105
	<u>\$ 8,195,093</u>	<u>\$ 7,756,618</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 65,216	\$ 133,889
Accrued salaries and benefits	83,322	64,298
Deferred revenue	129,883	140,295
Total liabilities	<u>278,421</u>	<u>338,482</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	2,812,649	3,006,251
Board designated - payroll reserve	621,471	533,746
Funds functioning as endowment	3,664,410	3,127,483
Total net assets without donor restrictions	<u>7,098,530</u>	<u>6,667,480</u>
Net Assets with donor restrictions	<u>818,142</u>	<u>750,656</u>
Total net assets	<u>7,916,672</u>	<u>7,418,136</u>
	<u>\$ 8,195,093</u>	<u>\$ 7,756,618</u>

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Contributions, including in-kind donations of \$61,286	\$ 593,733	\$ 43,021	\$ 636,754
Annual appeal	133,393	-	133,393
Contributions - White Ribbon Campaign, including in-kind donations of \$25,713	188,159	-	188,159
Special events, net - including in-kind donations of \$42,568	165,899	-	165,899
United Way	207,285	-	207,285
Government fees and grants	3,348,468	-	3,348,468
Client fees	183,650	-	183,650
Interest and miscellaneous	2,923	-	2,923
Net return on investments	515,688	96,706	612,394
Net assets released from restrictions:			
Satisfaction of program restrictions	72,241	(72,241)	-
Total support and revenues	5,411,439	67,486	5,478,925
EXPENSES:			
Program services, including in-kind donations of \$57,246	4,384,709	-	4,384,709
Management and general, including in-kind donations of \$1,726	372,350	-	372,350
Fundraising expenses, including in-kind donations of \$70,595	223,332	-	223,332
Total expenses	4,980,391	-	4,980,391
CHANGES IN NET ASSETS	431,048	67,486	498,534
NET ASSETS - beginning of year	6,667,482	750,656	7,418,138
NET ASSETS - end of year	\$ 7,098,530	\$ 818,142	\$ 7,916,672

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Contributions, including in-kind donations of \$87,937	\$ 377,939	\$ 100,249	\$ 478,188
Annual appeal	154,857	-	154,857
Contributions - White Ribbon Campaign, including in-kind donations of \$52,675	222,700	-	222,700
Special events, net - including in-kind donations of \$2,055	182,296	-	182,296
United Way	209,820	-	209,820
Government fees and grants	3,068,578	-	3,068,578
Client fees	136,434	-	136,434
Interest and miscellaneous	185	-	185
Net return on investments	(196,115)	(45,534)	(241,649)
Net assets released from restrictions:			
Satisfaction of program restrictions	34,477	(34,477)	-
Total support and revenues	4,191,171	20,238	4,211,409
EXPENSES:			
Program services, including in-kind donations of \$83,576	3,949,180	-	3,949,180
Management and general, including in-kind donations of \$1,408	187,533	-	187,533
Fundraising expenses, including in-kind donations of \$57,683	227,682	-	227,682
Total expenses	4,364,395	-	4,364,395
CHANGES IN NET ASSETS	(173,224)	20,238	(152,986)
NET ASSETS - beginning of year	6,840,706	730,418	7,571,124
NET ASSETS - end of year	\$ 6,667,482	\$ 750,656	\$ 7,418,138

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES - BY NATURAL CLASSIFICATION - VERA HOUSE, INC.
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services						Supporting Services				Total
	Emergency Shelter	Outreach/ Advocacy Program	Education and Community Awareness Program	Alternatives Program	Counseling	Sexual Assault Nurse Examiner	Total Program Services	Adminis- trative	Fundraising	Total Support Services	
Salaries	\$ 551,970	\$ 713,055	\$ 525,452	\$ 108,932	\$ 675,113	\$ 137,308	\$ 2,711,830	\$ 144,817	\$ 89,764	\$ 234,581	\$ 2,946,411
Payroll taxes and employee benefits	123,289	169,779	128,735	22,550	149,554	22,106	616,013	73,801	23,989	97,790	713,803
Total salaries, taxes, and benefits	675,259	882,834	654,187	131,482	824,667	159,414	3,327,843	218,618	113,753	332,371	3,660,214
Accounting, legal, and payroll services	13,461	8,056	12,972	2,151	11,571	3,404	51,615	17,498	3,247	20,745	72,360
Assistance to clients	24,009	13,265	480	80	829	120	38,783	80	-	80	38,863
Consulting/temp services	16,529	47,656	31,064	3,248	27,239	73,704	199,440	1,213	12,016	13,229	212,669
Food and household supplies	48,536	-	-	-	-	-	48,536	-	-	-	48,536
Insurance	15,272	13,300	9,019	1,508	8,337	2,654	50,090	2,599	1,508	4,107	54,197
Investment Fees	-	-	-	-	-	-	-	30,419	-	30,419	30,419
Miscellaneous	(3,068)	9,147	3,425	542	2,908	46,239	59,193	14,048	1,669	15,717	74,910
Payments to subcontractors	-	44,983	72,528	-	-	-	117,511	-	-	-	117,511
Rent	12,432	2,222	2,266	18,448	2,188	400	37,956	40	405	445	38,401
Repairs and maintenance services	46,610	12,068	19,687	3,144	16,766	5,204	103,479	2,366	4,106	6,472	109,951
Small equipment	5,833	4,502	4,407	1,777	2,109	449	19,077	183	788	971	20,048
Special events	-	-	-	-	-	-	-	-	66,086	66,086	66,086
Supplies, printing, and postage	11,652	14,440	48,679	1,465	12,035	4,597	92,868	2,999	11,557	14,556	107,424
Telephone	13,090	13,455	6,308	2,200	6,810	874	42,737	242	876	1,118	43,855
Travel, conferences, and staff development	9,826	30,799	48,523	1,411	13,396	3,640	107,595	5,870	6,450	12,320	119,915
Utilities	18,857	4,074	4,619	2,564	4,324	943	35,381	306	871	1,177	36,558
	233,039	217,967	263,977	38,538	108,512	142,228	1,004,261	77,863	109,579	187,442	1,191,703
Total expenses before depreciation	908,298	1,100,801	918,164	170,020	933,179	301,642	4,332,104	296,481	223,332	519,813	4,851,917
Depreciation	50,171	1,217	-	-	1,217	-	52,605	75,869	-	75,869	128,474
Total expenses	\$ 958,469	\$ 1,102,018	\$ 918,164	\$ 170,020	\$ 934,396	\$ 301,642	\$ 4,384,709	\$ 372,350	\$ 223,332	\$ 595,682	\$ 4,980,391

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES - BY NATURAL CLASSIFICATION - VERA HOUSE, INC.
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services				Total
	Emergency Shelter	Outreach/ Advocacy Program	Education and Community Awareness Program	Alternatives Program	Counseling	Sexual Assault Nurse Examiner	Total Program Services	Adminis- trative	Fundraising	Total Support Services	
Salaries	\$ 554,250	\$ 410,080	\$ 628,874	\$ 100,047	\$ 623,220	\$ 51,207	\$ 2,367,678	\$ 53,562	\$ 86,158	\$ 139,720	\$ 2,507,398
Payroll taxes and employee benefits	131,593	116,972	156,074	22,401	152,538	19,234	598,812	17,022	22,466	39,488	638,300
Total salaries, taxes, and benefits	685,843	527,052	784,948	122,448	775,758	70,441	2,966,490	70,584	108,624	179,208	3,145,698
Accounting, legal, and payroll services	18,736	8,267	15,952	1	14,023	4,010	60,989	16,649	575	17,224	78,213
Assistance to clients	14,917	8,309	2,891	-	-	-	26,117	-	-	-	26,117
Consulting/temp services	13,630	9,328	40,600	2,819	26,282	152,098	244,757	530	4,175	4,705	249,462
Food and household supplies	44,284	-	-	-	-	-	44,284	-	-	-	44,284
Insurance	13,799	4,673	7,573	1,332	7,334	2,251	36,962	2,307	1,332	3,639	40,601
Investment fees	-	-	-	-	-	-	-	30,051	-	30,051	30,051
Miscellaneous	3,219	2,711	3,532	526	2,892	1,051	13,931	(13,415)	1,463	(11,952)	1,979
Special events (foundation)	-	-	-	-	-	-	-	-	78,002	78,002	78,002
Payments to subcontractors	-	-	89,427	-	-	-	89,427	-	-	-	89,427
Rent	12,432	2,222	2,266	18,448	2,188	400	37,956	40	405	445	38,401
Repairs and maintenance services	52,413	14,369	23,291	4,074	22,165	6,722	123,034	(2,183)	3,841	1,658	124,692
Small equipment	5,921	2,876	6,799	753	4,748	13,345	34,442	430	1,727	2,157	36,599
Supplies, printing, and postage	11,085	7,016	44,219	1,675	24,246	5,782	94,023	9,645	23,411	33,056	127,079
Telephone	13,066	6,464	5,052	1,720	5,793	829	32,924	87	809	896	33,820
Travel, conferences, and staff development	5,693	10,890	33,468	1,969	6,736	2,403	61,159	1,881	2,386	4,267	65,426
Utilities	19,391	4,810	5,029	2,905	5,097	876	38,108	134	932	1,066	39,174
	228,586	81,935	280,099	36,222	121,504	189,767	938,113	46,156	119,058	165,214	1,103,327
Total expenses before depreciation	914,429	608,987	1,065,047	158,670	897,262	260,208	3,904,603	116,740	227,682	344,422	4,249,025
Depreciation	42,143	1,217	-	-	1,217	-	44,577	70,793	-	70,793	115,370
Total expenses	\$ 956,572	\$ 610,204	\$ 1,065,047	\$ 158,670	\$ 898,479	\$ 260,208	\$ 3,949,180	\$ 187,533	\$ 227,682	\$ 415,215	\$ 4,364,395

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 498,534	\$ (152,986)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	128,474	115,370
Bad debt expense	44,573	-
Net realized/unrealized gain (loss) on investments	(477,610)	400,931
Change in discount on promises to give	(934)	(147)
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(50,122)	(212,381)
Promises to give	60,219	41,323
Prepaid expenses and other current assets	(37,213)	40,287
Accounts payable and other liabilities	(68,673)	17,787
Accrued salaries and benefits	19,024	6,134
Deferred revenue	(10,412)	(58,198)
Net cash provided by (used in) operating activities	<u>105,860</u>	<u>198,120</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,149,837)	(2,097,801)
Proceeds from sale of investments	1,986,669	1,963,304
Purchases of property and equipment	(124,117)	(77,692)
Net cash used in investing activities	<u>(287,285)</u>	<u>(212,189)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on line of credit	-	(201,132)
Net cash used in financing activities	<u>-</u>	<u>(201,132)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(181,425)	(215,201)
CASH AND CASH EQUIVALENTS - beginning of year	750,121	965,322
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 568,696</u>	<u>\$ 750,121</u>

The accompanying notes are an integral part of the combined financial statements

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

1. Nature of Operations

Vera House, Inc. (the Agency) and Vera House Foundation, Inc. (the Foundation) are collectively referred to as the Organizations. Vera House, Inc. was incorporated in 1976 under New York State Law. The Agency's mission is to prevent, respond to and partner to end domestic and sexual violence and other forms of abuse.

Vera House Foundation, Inc. was established to solicit, receive, and maintain funds for Vera House, Inc. and other similar nonprofit corporations, which have, for their purposes, the establishment of residential and nonresidential programs for victims of domestic violence and sexual assault. The Foundation receives monies from an annual fundraising campaign and major gift solicitations.

The Foundation is a membership corporation. The members of the corporation are the President and Executive Director of Vera House, Inc., and three additional members that are elected from the Board of Directors of Vera House, Inc. Those five members then elect the trustees of the Foundation. The board of directors manages the business of the Agency, but the members may remove the trustees from office by a two-third's vote of the members at any regular meeting or by a special meeting. The trustees may be removed for conduct detrimental to the interest of the Agency, for lack of sympathy with its objectives or for refusal to render reasonable assistance in carrying out its purpose, therefore combined financial statements are required. Accordingly, the Agency has combined the Foundation into its financial statements.

2. Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements of the Agency and the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Principles of Combination

The financial statements include the accounts of the Agency and the Foundation (collectively, the Organizations). All significant intercompany transactions and accounts have been eliminated.

Liquidity

As part of the Organizations' liquidity management, they have a policy to structure their financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organizations invest cash in excess of daily requirements in an investment account. To help manage unanticipated liquidity needs, the Organizations have a committed line of credit in the amount of \$100,000, which they have not drawn upon. The Organization submits grant or contract payment requests as the expenditures are incurred and are allowable per grant/contract terms.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Availability of Resources

The Organization's financial assets available within one year of the balance sheet date for general expenditure were as follows as of December 31:

	2019	2018
Cash and cash equivalents	\$ 568,696	\$ 750,121
Accounts receivable and contributions receivable	1,057,240	1,051,692
Promises to give, net	61,485	120,770
Investments	4,394,194	3,753,414
Total financial assets	6,081,615	5,703,514
Receivables scheduled to be collected in more than one year	(26,811)	(78,447)
Net assets with donor restrictions	(818,142)	(750,656)
Quasi endowment established by the board	(3,664,410)	(3,172,483)
Financial assets available to meet general expenditures over the next twelve months	\$ 1,572,252	\$ 1,701,928

Methods Used for Allocation of Expenses among Program and Supporting Services

The financial statements present by function and natural classification. The costs of providing the various programs have been summarized on a functional basis in the combined statements of activities and in the schedules of functional expenses. Certain costs have been allocated among the programs benefited, based on management's estimate of time spent, occupancy or usage. Costs specifically identified to a program are charged directly to that program where possible.

Classification of Net Assets

The net assets of the Organizations have been classified as without restriction or with restriction based on the existence and/or nature of any donor imposed restrictions. When the donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restriction and reported in the combined statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions and net assets without restriction.

Notes to Financial Statements

2. **Summary of Significant Accounting Policies** (continued)

Classification of Net Assets (continued)

The Organizations utilize the following net asset categories:

Without Donor Restrictions:

Undesignated – consists of contributions and pledges received, investment income and fees earned that are available for the Organizations' general use.

Board designated – consists of contributions that have been designated by the Organizations' Boards of Directors for specific program needs.

Funds functioning as endowment - Consists of investments designated to function as endowment by the Organizations' Board of Directors. See Note 10 for additional disclosures.

With Donor Restrictions:

Consists of contributions that have been subject to specific donor imposed restrictions for use. Net assets with donor restrictions were approximately \$818,100 and \$750,700 at December 31, 2019 and 2018, respectively. Net assets with donor restrictions include funds functioning as an endowment (Note 10) in addition to funds restricted for purpose or time designations.

Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Agency is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and meets the requirements of Section 509(a)(3) "supporting organization". The Organizations have been determined by the Internal Revenue Service not to be "private foundations" within the meaning of section 509(a) of the Internal Revenue Code.

The Organizations have adopted the provision of FASB ASC 740, Income Taxes, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return, including maintenance of tax-exempt status. The Organizations believe the combined financial statements are free of any uncertain tax positions. Tax penalties, if any, are recorded in tax expense. The Organizations' tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organizations consider all checking, savings, and money market accounts and short-term investments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are held at various banking institutions that are insured up to the Federal Deposit Insurance Corporation (FDIC) limits. The Organizations do not have any restricted cash balances at December 31, 2019.

Receivables and Revenue Recognition

Contributions and grants received are recorded as without donor restrictions or with donor restrictions support based on the nature of donor restrictions. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

The Organizations considers receivables to be fully collectible based on management's review of individual accounts outstanding. If collection becomes doubtful, an allowance for doubtful accounts will be established when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

The Organizations adopted FASB ASU 2014-09, Revenue from Contracts with Customers, on January 1, 2019. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers in an amount that reflects the consideration to which the Organizations expects to be entitled to in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organizations have not experienced significant changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of consideration. Adopting the new standard did not have a material effect on the timing of the Organizations' revenue recognition for the years ended December 31, 2019 and 2018.

Investments

The Organizations account for investments at fair value in accordance with FASB ASC 820. The fair value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates, if applicable. The net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, are recognized in the statements of activities.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue represents funds received on grants that have not been earned or spent in the current year.

Property and Equipment

It is the policy of the Organizations to capitalize assets over \$2,500. Property and equipment are stated at cost and depreciated using the straight-line method. Leasehold improvements are amortized over the shorter of the lease terms or the estimated useful lives of the assets using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation.

Donated Services and Supplies

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. The Organizations received donated services valued at \$129,567 and \$142,667 for the years ended December 31, 2019 and 2018, respectively. The values of the donated services are included as contributions in the combined financial statements and the corresponding program expenses for the years ended December 31, 2019 and 2018.

The Organizations received use of donated facilities that are reflected as contributions at their respective estimated fair rental values, with a commensurate charge to expense. For the years ended December 31, 2019 and 2018, donated space was estimated at approximately \$18,600.

The Organizations also received donated services from a variety of unpaid volunteers throughout the year. These services are not recognized as contributions in the combined financial statements as they do not meet the criteria for recognition.

3. Promises to Give

Unconditional promises to give consist of pledges restricted for the Faye Panasci Children’s program and other multi-year giving. Unconditional promises to give consist of the following as of December 31:

	2019	2018
Unrestricted promises to give	\$ 64,774	\$ 124,993
Unamortized discount	(3,289)	(4,223)
Net unconditional promises to give	\$ 61,485	\$ 120,770
Amounts due in:		
Less than one year	\$ 34,674	42,293
One to five years	26,811	78,477
Net unconditional promises to give	\$ 61,485	\$ 120,770

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate ranging from 1% to 3%, and are recorded in contributions receivable and promises to give on the combined statements of financial position.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

4. Investments

The following table presents investment income (loss) as of December 31:

	2019	2018
Interest and dividends	\$ 134,784	\$ 159,282
Unrealized/ realized gain (loss) on investments	477,610	(400,931)
	\$ 612,394	\$ (241,649)

Investment fees amounted to approximately \$30,400 and \$30,000 for the years ended December 31, 2019 and 2018, respectively

5. Fair Value Measurements

The Organizations' investments are reported at fair value in the accompanying combined statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe their 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 fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organizations use appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organizations measure fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Organizations.

Level 1 Fair Value Measurements

The fair values of mutual funds are based on the closing price reported in the active market where the individual securities are traded, when available.

The following table sets forth by level, within the fair value hierarchy, the Organizations' investments at fair value at December 31:

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 111,408	\$ -	\$ -	\$ 111,408
Mutual Funds:				
Equity	1,852,080	-	-	1,852,080
Fixed Income	1,281,697	-	-	1,281,697
Other	323,996	-	-	323,996
International Value	825,013	-	-	825,013
	\$ 4,394,194	\$ -	\$ -	\$ 4,394,194

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

5. Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organizations' investments at fair value at December 31:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 79,941	\$ -	\$ -	\$ 79,941
Mutual Funds:				
Equity	1,244,150	-	-	1,244,150
Fixed Income	1,055,655	-	-	1,055,655
Other	791,419	-	-	791,419
International Value	582,249	-	-	582,249
	\$ 3,753,414	\$ -	\$ -	\$ 3,753,414

6. Special Events

Major special fundraising events consist of an annual dinner, a luncheon and several smaller events. Gross revenues and direct expenses including in-kind donations, for these events consist of the following as of December 31:

	2019	2018
Gross revenues	\$ 252,795	\$ 280,305
Direct expenses	(86,896)	(98,009)
	\$ 165,899	\$ 182,296

7. Line of Credit

The Agency has a \$100,000 line of credit, with interest at 4.75% available with a bank. As of December 31, 2019 and 2018, no amounts have been borrowed against this line of credit. The Agency's assets are pledged as collateral.

8. Retirement Plan

The Agency has a 403(b) retirement plan. The retirement plan is available to all employees upon employment with the Agency. The Agency matches the employee's contribution up to a maximum of 3% of the employee's gross salary, after the employee completes a year of service. Retirement plan expense was approximately \$48,400 and \$40,700 for the years ended December 31, 2019 and 2018, respectively.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2019	2018
Counseling program	\$ 11,525	\$ 10,165
Client services and administration	74,632	108,060
Funds functioning as an endowment:		
Faye Panasci Children's Fund	651,930	552,376
Murphy Fund	80,055	80,055
Total net assets with donor restrictions	\$ 818,142	\$ 750,656

The Faye Panasci Children’s Fund (“Fund”) was established in 1997. The funds are to be used solely for the Agency’s youth services including shelter youth services, counseling for children affected by domestic and sexual violence and preventive education through schools and community groups. It is the Foundation’s intent to grow the fund so that interest earned on the principal will provide a steady source of income for these programs. As funds are needed to support the programs, they can be transferred to the Agency. If it is determined that the Agency can’t carry out the purposes of the Fund, the Fund can be transferred to an organization qualifying under Section 501(c)(3) of the Internal Revenue Code capable of carrying out, as closely as possible, the intentions of the Fund.

10. Funds Functioning As Endowment

The Board of Directors of the Foundation has designated certain funds to function as an endowment to provide support for programs of the Agency in the future. All funds functioning as endowment have been classified as without donor restrictions or with donor restrictions on the statement of net assets.

Investments functioning as endowment consist of the following:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets – December 31, 2017	\$ 3,459,976	\$ 671,613	\$ 4,131,589
Investment earnings (loss), net of fees	(332,493)	(45,535)	(378,028)
Contributions	-	6,350	6,350
Endowment net assets – December 31, 2018	\$ 3,127,483	\$ 632,428	\$ 3,759,911
Investment earnings (loss), net of fees	485,122	96,706	581,828
Contributions	51,805	2,850	54,655
Endowment net assets – December 31, 2019	\$ 3,664,410	\$ 731,984	\$ 4,396,394

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

10. Funds Functioning As Endowment (continued)

Return Objectives and Risk Parameters

The Organizations have adopted an investment policy for the funds functioning as endowment that seeks to maintain the purchasing power of the funds. Under this policy, as approved by the board of directors, the funds functioning as endowment assets are invested in a manner that is intended to preserve capital, considering the impact of inflation, strive for consistent annual total returns, and achieve long-term total returns which meet or exceed inflation, and earn the highest possible return given the risk tolerance established by the Organizations. The Organizations expect the funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

The Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Relates to Spending Policy

The Foundation has adopted a spending policy in which the needs of the Agency are reviewed on an annual basis and appropriations for the funds functioning as endowment are made to support Agency programs or projects. Annual appropriations cannot exceed 5% of the average market value of funds functioning as endowment assets as defined in the spending policy. There were no appropriations made in 2019 or 2018. From time to time the Agency may transfer excess cash to the Foundation. Contributions of approximately \$2,900 and \$6,400 were made in 2019 and 2018, respectively.

11. Property and Equipment

Property and equipment consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Land and building improvements	\$ 1,635,586	\$1,593,936
Building improvements	1,044,753	991,031
Furniture and equipment	359,480	330,735
Vehicles	73,424	86,740
	<u>3,113,243</u>	<u>3,002,442</u>
Accumulated depreciation	<u>(1,064,495)</u>	<u>(949,337)</u>
	<u>\$ 2,048,748</u>	<u>\$ 2,053,105</u>

Depreciation expense approximated \$128,500 and \$115,400 for the years ended December 31, 2019 and 2018, respectively.

Notes to Financial Statements

12. Contingency

The Organizations receive funds from various federal, state, and local governments which are subject to audits by those entities. Such audits may result in disallowance of reimbursed expenditures and require funds to be returned. The Organizations are not currently involved in a government audit and are not aware of any disallowance of expenditures.

13. Concentrations of Credit Risk

As of December 31, 2019 and 2018, the Organizations derived approximately 25% and 26% of its receivable balance due from Onondaga County Department of Social Services, respectively. The Organizations derived approximately 24% and 31% of its revenues from Onondaga County Department of Social Services, for the years ended December 31, 2019 and 2018, respectively.

14. Related Parties

The Organizations have certain board members who are employed by businesses that provide services to the Organizations. At December 31, 2019 and 2018, the total paid to these organizations was approximately \$4,300 and \$6,400, respectively.

15. Commitments

The Agency entered into several operating leases as follows:

- Twenty-year operating lease for its northern facilities, beginning December 1, 1995 through November 15, 2015 for \$100 a month. This lease was modified on October 26, 2015. Under the lease modification, the rent was increased to \$500 per month for the period December 1, 2015 through November 30, 2035. During 1997, the renovations were made to the building from funds provided by a grant from the New York State Homeless Housing and Assistance Program. Under the terms of the grant, the Agency agrees to use the site only to operate a homeless domestic violence project for a period of thirty years from the grant date. The funds received from this grant were capitalized on the combined statements of financial position. In relation to this lease, the Agency has recorded an annual in-kind rent contribution/expense of approximately \$6,000 for each of the years ended December 31, 2019 and 2018.
- Office space is also rented by the Agency for the use of one meeting place at a monthly rental of \$750. In January 2017, the Agency signed a lease at a monthly rate of \$750, effective for three years. In relation to this lease, the Agency has recorded an annual in-kind rent contribution/expense of approximately \$9,000 and \$9,000 for the years ended December 31, 2019 and 2018.
- Several small equipment leases with various terms and expiration dates. Monthly payments range from \$110 to \$215. The total expense as of December 31, 2019 for these leases was \$9,752.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Notes to Financial Statements

16. Commitments (continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31 are:

Years ending December 31:

2020	\$	29,749
2021		29,817
2022		24,231
2023		12,296
2024		9,397
Thereafter		6,600
	\$	<u>112,090</u>

17. Subsequent Events

The Organizations have evaluated subsequent events through June 8, 2020, which is the date the financial statements were available to be issued. There were no material subsequent events that require recognition or additional disclosures in the combined financial statements.

In December 2019 and early 2020, the coronavirus that causes COVID-19 was reported to have surfaced in China. The spread of this virus globally including in early 2020 has caused business disruption domestically in the United States, the area in which the Organizations primarily operate. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this pandemic. Therefore, while the Organizations expect this matter to negatively impact the Organizations' financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time. The Organizations obtained a Small Business Association Paycheck Protection Program (PPP) loan in the amount of \$589,400 and received several grants for COVID-19 relief and continues to apply for new grant funding opportunities.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.
Combining Statement of Financial Position
December 31, 2019

	ASSETS			
	Vera House, Inc.	Vera House Foundation	Combining Entries	Combined Totals
Cash	\$ 357,314	\$ 211,382	\$ -	\$ 568,696
Accounts and contributions receivable	1,055,360	1,880	-	1,057,240
Promises to give, net of discount	4,731	56,754	-	61,485
Investments, at fair value	-	4,394,194	-	4,394,194
Prepaid expenses	63,275	1,455	-	64,730
Due from Vera House, Inc.	61,543	-	(61,543)	-
Property and equipment, net	2,048,748	-	-	2,048,748
	<u>\$ 3,590,971</u>	<u>\$ 4,665,665</u>	<u>\$ (61,543)</u>	<u>\$ 8,195,093</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and other liabilities	\$ 65,216	\$ -	\$ -	\$ 65,216
Accrued salaries	83,322	-	-	83,322
Deferred revenue	129,883	-	-	129,883
Due to Vera House Foundation, Inc.	-	61,543	(61,543)	-
Total liabilities	<u>278,421</u>	<u>61,543</u>	<u>(61,543)</u>	<u>278,421</u>

Net assets:

Net assets without donor restrictions				
Undesignated	2,604,921	207,728	-	2,812,649
Board designated - payroll reserve	621,471	-	-	621,471
Funds functioning as an endowment	-	3,664,410	-	3,664,410
Total net assets without donor restrictions	<u>3,226,392</u>	<u>3,872,138</u>	<u>-</u>	<u>7,098,530</u>
Net assets with donor restrictions	<u>86,158</u>	<u>731,984</u>	<u>-</u>	<u>818,142</u>
Total net assets	<u>3,312,550</u>	<u>4,604,122</u>	<u>-</u>	<u>7,916,672</u>
	<u>\$ 3,590,971</u>	<u>\$ 4,665,665</u>	<u>\$ (61,543)</u>	<u>\$ 8,195,093</u>

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.

Combining Statement of Activities
Year Ended December 31, 2019

	Vera House, Inc.	Vera House Foundation	Combining Entries	Combined Totals
Revenue:				
Contributions	\$ 815,565	\$ 133,189	\$ (312,000)	\$ 636,754
Contributions - White Ribbon	-	188,159	-	188,159
Annual Appeal	133,393	-	-	133,393
United Way	207,285	-	-	207,285
Government fees & grants	3,348,468	-	-	3,348,468
Client fees	183,650	-	-	183,650
Management fee	159,000	-	(159,000)	-
Special events, net, including in-kind	20,920	144,979	-	165,899
Interest and miscellaneous	2,923	-	-	2,923
Net return on investments	-	612,394	-	612,394
Total revenue	4,871,204	1,078,721	(471,000)	5,478,925
Operating expenses:				
Program expenses	4,384,709	272,000	(272,000)	4,384,709
Management and general	370,723	200,627	(199,000)	372,350
Fundraising	166,196	57,136	-	223,332
Total operating expenses	4,921,628	529,763	(471,000)	4,980,391
Change in net assets	(50,424)	548,958	-	498,534
Net assets - beginning of year	3,362,974	4,055,164	-	7,418,138
Net assets - end of year	\$ 3,312,550	\$ 4,604,122	\$ -	\$ 7,916,672