

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

COMBINED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 21 to 22 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
July 26, 2021

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

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
Assets:		
Cash and cash equivalents	\$ 1,076,103	\$ 568,696
Accounts and contributions receivable	1,190,225	1,057,240
Promises to give, net	30,032	61,485
Investments, at fair value	4,907,068	4,394,194
Prepaid expenses and other current assets	51,287	64,730
Property and equipment, net	1,919,726	2,048,748
	<u>\$ 9,174,441</u>	<u>\$ 8,195,093</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 75,621	\$ 65,216
Accrued salaries and benefits	142,481	83,322
Deferred revenue	273,124	129,883
Total liabilities	<u>491,226</u>	<u>278,421</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	2,995,690	2,812,649
Board designated - payroll reserve	681,197	621,471
Funds functioning as endowment	4,117,605	3,664,410
Total net assets without donor restrictions	<u>7,794,492</u>	<u>7,098,530</u>
Net assets with donor restrictions	<u>888,723</u>	<u>818,142</u>
Total net assets	<u>8,683,215</u>	<u>7,916,672</u>
	<u>\$ 9,174,441</u>	<u>\$ 8,195,093</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:			
Contributions, including in-kind donations of \$53,055	\$ 657,620	\$ 35,000	\$ 692,620
Annual appeal	141,980	-	141,980
Contributions - White Ribbon Campaign, including in-kind donations of \$22,120	128,224	-	128,224
Special events, net - including in-kind donations of \$9,000	164,257	-	164,257
United Way	202,057	-	202,057
Government fees and grants	3,507,074	-	3,507,074
Client fees	84,726	-	84,726
Interest and miscellaneous	147	-	147
Net return on investments	476,177	57,479	533,656
Forgiveness of Payroll Protection Loan funds	589,400	-	589,400
Net assets released from restrictions:			
Satisfaction of program restrictions	21,898	(21,898)	-
Total support and revenues	5,973,560	70,581	6,044,141
EXPENSES:			
Program services, including in-kind donations of \$17,208	4,547,523	-	4,547,523
Management and general, including in-kind donations of \$35,703	436,472	-	436,472
Fundraising expenses, including in-kind donations of \$31,264	293,603	-	293,603
Total Expenses	5,277,598	-	5,277,598
CHANGES IN NET ASSETS	695,962	70,581	766,543
NET ASSETS - beginning of year	7,098,530	818,142	7,916,672
NET ASSETS - end of year	\$ 7,794,492	\$ 888,723	\$ 8,683,215

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.
SCHEDULE OF FUNCTIONAL EXPENSES - BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	Administrative	Fundraising		Total Support Services
Expenses											
Salaries & fringe benefits											
Salaries	\$ 618,095	\$ 894,788	\$ 545,773	\$ 75,409	\$ 582,658	\$ 234,627	\$ 2,951,350	\$ 200,621	\$ 121,579	\$ 322,200	\$ 3,273,550
Payroll taxes and employee benefits	146,007	222,948	128,742	20,913	129,712	53,013	701,335	56,809	26,165	82,974	784,309
Total salaries and fringe	<u>764,102</u>	<u>1,117,736</u>	<u>674,515</u>	<u>96,322</u>	<u>712,370</u>	<u>287,640</u>	<u>3,652,685</u>	<u>257,430</u>	<u>147,744</u>	<u>405,174</u>	<u>4,057,859</u>
Accounting, legal, and payroll services	10,714	13,852	8,533	1,356	8,135	2,964	45,554	30,450	2,916	33,366	78,920
Assistance to clients	18,873	9,321	700	227	1,453	168	30,742	84	112	196	30,938
Consulting/temp services	20,842	67,467	35,042	4,967	31,111	64,027	223,456	1,955	7,840	9,795	233,251
Food and household supplies	47,743	-	30	-	-	-	47,773	-	-	-	47,773
Insurance	7,158	9,349	876	147	755	176	18,461	27,723	1,983	29,706	48,167
Investment fees	-	-	-	-	-	-	-	-	29,388	29,388	29,388
Miscellaneous	3,247	11,901	5,089	493	2,760	1,133	24,623	23,093	37,678	60,771	85,394
Payments to subcontractors	-	89,294	46,347	-	-	-	135,641	-	-	-	135,641
Rent	12,297	3,174	1,746	18,374	1,740	104	37,435	630	336	966	38,401
Repairs and maintenance services	52,386	24,626	14,490	2,996	14,042	1,493	110,033	6,072	2,524	8,596	118,629
Small equipment	4,178	3,284	5,186	263	1,298	213	14,422	560	230	790	15,212
Special events	125	176	178	6	28	-	513	155	49,058	49,213	49,726
Supplies, printing, and postage	9,276	13,566	8,926	1,022	10,219	3,397	46,406	4,298	11,986	16,284	62,690
Telephone	15,695	16,694	5,240	1,969	6,995	447	47,040	1,337	714	2,051	49,091
Travel, conferences, and staff development	2,968	16,129	6,437	664	2,562	629	29,389	1,773	475	2,248	31,637
Utilities	19,331	5,849	3,218	2,282	3,208	191	34,079	1,161	619	1,780	35,859
Total other program expenses	<u>224,833</u>	<u>284,682</u>	<u>142,038</u>	<u>34,766</u>	<u>84,306</u>	<u>74,942</u>	<u>845,567</u>	<u>99,291</u>	<u>145,859</u>	<u>245,150</u>	<u>1,090,717</u>
Total expenses before depreciation	988,935	1,402,418	816,553	131,088	796,676	362,582	4,498,252	356,721	293,603	650,324	5,148,576
Depreciation expense	46,837	1,217	-	-	1,217	-	49,271	79,751	-	79,751	129,022
Total expenses	<u>\$ 1,035,772</u>	<u>\$ 1,403,635</u>	<u>\$ 816,553</u>	<u>\$ 131,088</u>	<u>\$ 797,893</u>	<u>\$ 362,582</u>	<u>\$ 4,547,523</u>	<u>\$ 436,472</u>	<u>\$ 293,603</u>	<u>\$ 730,075</u>	<u>\$ 5,277,598</u>

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	Administrative	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

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,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 766,543	\$ 498,534
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	129,022	128,474
Bad debt expense	16,666	44,573
Net realized/unrealized (gain) loss on investments	(448,480)	(477,610)
Change in discount on promises to give	(1,128)	(934)
Changes in operating assets and liabilities:		
Accounts and contributions receivable, net	(134,651)	(50,122)
Promises to give, net	17,581	60,219
Prepaid expenses and other current assets	13,443	(37,213)
Accounts payable and other liabilities	10,405	(68,673)
Accrued salaries and benefits	59,159	19,024
Deferred revenue	143,241	(10,412)
Net cash provided by operating activities	<u>571,801</u>	<u>105,860</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,461,965)	(2,149,837)
Proceeds from sale of investments	5,397,571	1,986,669
Purchases of property and equipment	-	(124,117)
Net cash provided by (used in) investing activities	<u>(64,394)</u>	<u>(287,285)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	507,407	(181,425)
CASH AND CASH EQUIVALENTS - beginning of year	<u>568,696</u>	<u>750,121</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 1,076,103</u></u>	<u><u>\$ 568,696</u></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 line of credit available in the amount of \$100,000, which has no balance outstanding at December 31, 2020 or 2019. 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:

	2020	2019
Cash and cash equivalents	\$ 1,076,103	\$ 568,696
Accounts receivable and contributions receivable	1,190,225	1,057,240
Promises to give, net	30,032	61,485
Investments	4,907,068	4,394,194
Total financial assets	7,203,428	6,081,615
Receivables scheduled to be collected in more than one year	(11,336)	(26,811)
Net assets with donor restrictions	(888,723)	(818,142)
Funds functioning as an endowment	(4,117,605)	(3,664,410)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,185,764	\$ 1,572,252

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 donor restriction or with donor 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 donor restrictions are reclassified to net assets without donor 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 donor restriction.

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 Organization's general use.

Notes to Financial Statements

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

Classification of Net Assets (continued)

Board designated – consists of contributions that have been designated by the Organization’s Boards of Directors for specific program needs.

Funds functioning as endowment - Consists of investments designated to function as endowment by the Organization's 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 \$888,700 and \$818,100 at December 31, 2020 and 2019, 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)

Risks and Uncertainties

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally in 2020 and 2021 has caused business disruption domestically in the United States, the area in which the Organizations operate. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this pandemic.

Cash and Cash Equivalents

The Organizations consider all checking, savings, and money market accounts and short term investments purchased with an original maturity of 3 months or less to be cash and cash equivalents. Cash and cash equivalents are held at banking institutions that is insured up to the Federal Deposit Insurance Corporation (FDIC) limits. The Organizations do not have any restricted cash balances at December 31, 2020.

Receivables and Revenue Recognition

The Organization has adopted the provisions of ASU 2014-09, Revenue from Contracts with Customers. Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization's significant revenue streams are as follows:

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.

Government fees and grants are recorded as without donor restrictions or with donor restrictions support based on the nature of donor restrictions. Grants are recognized when the Organizations incur expenses related to the contract. Generally, the funds are not remitted until a voucher for services provided or expenses incurred have been submitted for reimbursement. Funds received in advance of services provided or expenses incurred are recorded as deferred revenue.

Special Events revenue is recognized at the time the associated event occurs. Any payments or tickets sold prior to other events are recorded in deferred revenue in the accompanying combined statement of financial position at the end of the year.

Notes to Financial Statements

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

Receivables and Revenue Recognition (continued)

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.

Deferred Revenue

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

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, is recognized in the statement of activities.

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 \$84,175 and \$129,567 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, donated space was estimated at approximately \$18,180 and \$18,600, respectively.

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.

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

Notes to Financial Statements

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:

	<u>2020</u>	<u>2019</u>
Unrestricted promises to give	\$ 32,193	\$ 64,774
Unamortized discount	<u>(2,161)</u>	<u>(3,289)</u>
Net unconditional promises to give	<u>\$ 30,032</u>	<u>\$ 61,485</u>
Amounts due in:		
Less than one year	18,696	34,674
One to five years	<u>11,336</u>	<u>26,811</u>
Net unconditional promises to give	<u>\$ 30,032</u>	<u>\$ 61,485</u>

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.

4. Investments

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

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 85,176	\$ 134,784
Unrealized/ realized gain (loss) on investments	<u>448,480</u>	<u>477,610</u>
	<u>\$ 533,656</u>	<u>\$ 612,394</u>

Investment fees amounted to approximately \$29,400 and \$30,400 for the years ended December 31, 2020 and 2019, respectively and are recorded in the statement of functional expenses.

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.

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

Notes to Financial Statements

5. Fair Value Measurements (continued)

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 Organization's investments at fair value at December 31:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 1,516	\$ -	\$ -	\$ 1,516
Mutual Funds:				
Equity	2,387,028	-	-	2,387,028
Fixed Income	1,868,635	-	-	1,868,635
Other	202,682	-	-	202,682
International Value	447,207	-	-	447,207
	<u>\$ 4,907,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,907,068</u>

	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
	<u>\$ 4,394,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,394,194</u>

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

Notes to Financial Statements

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:

	2020	2019
Gross revenues	\$ 180,850	\$ 252,795
Direct expenses	(16,593)	(86,896)
	\$ 164,257	\$ 165,899

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, 2020 and 2019, no amounts have been borrowed against this line of credit. The Agency's assets are pledged as collateral.

8. Pension 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 amounted to \$62,727 and \$48,440 for the years ended December 31, 2020 and 2019, respectively.

9. Net Assets with Donor Restrictions

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

	2020	2019
Counseling program	\$ 11,110	\$ 11,525
Client services and administration	88,150	74,632
Funds functioning as an endowment:		
Faye Panasci Children's Fund	789,463	651,930
Murphy Fund	-	80,055
Total net assets with donor restrictions	\$ 888,723	\$ 818,142

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.

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

Notes to Financial Statements

10. Funds Functioning As Endowment

The Board of Directors of the Foundation has designated certain funds to function as 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:

	Unrestricted	Temporarily Restricted	Total
Endowment net assets – December 31, 2018	\$ 3,127,483	\$ 632,428	\$ 3,759,911
Net realized/unrealized gains(losses) on investments, 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
Net realized/unrealized gains(losses) on investments, net of fees	446,790	57,479	504,269
Contributions	6,405	-	6,405
Endowment net assets – December 31, 2020	\$ 4,117,605	\$ 789,463	\$ 4,907,068

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.

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

Notes to Financial Statements

10. Funds Functioning As Endowment (continued)

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 2020 or 2019. From time to time the Agency may transfer excess cash to the Foundation. No contributions were made in 2020 and approximately \$2,900 was made in 2019.

11. Property and Equipment

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

	2020	2019
Land and building improvements	\$ 1,635,586	\$1,635,586
Building improvements	1,044,753	1,044,753
Furniture and equipment	359,480	359,480
Vehicles	73,424	73,424
	3,113,243	3,113,243
Accumulated depreciation	(1,193,517)	(1,064,495)
	\$ 1,919,726	\$2,048,748

Depreciation expense approximated \$129,000 and \$128,500 for the years ended December 31, 2020 and 2019, respectively.

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, 2020 and 2019, the Organizations derived approximately 29% and 25% of its receivable balance due from Onondaga County Department of Social Services, respectively. The Organizations derived approximately 26% and 24% of its revenues from Onondaga County Department of Social Services, for the years ended December 31, 2020 and 2019, respectively.

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

Notes to Financial Statements

14. Related Parties

The Organizations have certain board members who are employed by businesses that provide services to the Organizations. At December 31, 2020 and 2019 the total paid to these organizations was \$3,765 and \$4,265, 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, 2020 and 2019.
- 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 for the years ended December 31, 2020 and 2019.
- Several small equipment leases with various terms and expiration dates. Monthly payments range from \$110 to \$215. The total expense as of December 31, 2020 for these leases was \$10,773.

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:

2021	\$ 31,933
2022	26,176
2023	14,312
2024	11,413
2025	7,272
	<u>\$ 91,106</u>

Notes to Financial Statements

16. Paycheck Protection Program Loan

On April 12, 2020, the Organizations were granted \$589,400 from KeyBank bank through the Small Business Association (SBA), pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was enacted March 27, 2020. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

Under the terms of the PPP, the loan balance can be forgiven, in full or part, based on the use of the funds for qualifying expenses in accordance with the requirements of the CARES Act. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of principal and interest payments for up to one year from the date of first disbursement. The Organizations received notification from KeyBank on June 15, 2021 that the SBA has approved its application for loan forgiveness in full. The balance forgiven of \$589,400 has been recognized as revenue within the combined statement of activities for the year ended December 31, 2020.

17. Subsequent Events

The Organizations have evaluated subsequent events through July 26, 2021, 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.

VERA HOUSE, INC. AND VERA HOUSE FOUNDATION, INC.
Combining Statement of Financial Position
December 31, 2020

ASSETS				
	Vera House, Inc.	Vera House Foundation	Combining Entries	Combined Totals
Cash	\$ 746,733	\$ 329,370	\$ -	\$ 1,076,103
Accounts and contributions receivable	1,163,044	27,181	-	1,190,225
Promises to give, net of discount	30,032	-	-	30,032
Investments, at fair value	-	4,907,068	-	4,907,068
Prepaid expenses	49,636	1,651	-	51,287
Due from Vera House, Inc.	410,016	622,337	(1,032,353)	-
Property and equipment, net	1,919,726	-	-	1,919,726
	<u>\$ 4,319,187</u>	<u>\$ 5,887,607</u>	<u>\$ (1,032,353)</u>	<u>\$ 9,174,441</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and other liabilities	73,787	1,834	-	75,621
Accrued salaries	142,481	-	-	142,481
Deferred revenue	273,124	-	-	273,124
Due to Vera House Foundation, Inc.	319,159	713,194	(1,032,353)	-
Total liabilities	<u>808,551</u>	<u>715,028</u>	<u>(1,032,353)</u>	<u>491,226</u>
Net assets:				
Net assets without donor restrictions				
Undesignated	2,730,179	265,511	-	2,995,690
Board designated - payroll reserve	681,197	-	-	681,197
Funds functioning as an endowment	-	4,117,605	-	4,117,605
Total net assets without donor restrictions	<u>3,411,376</u>	<u>4,383,116</u>	<u>-</u>	<u>7,794,492</u>
Net assets with donor restrictions	<u>99,260</u>	<u>789,463</u>	<u>-</u>	<u>888,723</u>
Total net assets	<u>3,510,636</u>	<u>5,172,579</u>	<u>-</u>	<u>8,683,215</u>
	<u>\$ 4,319,187</u>	<u>\$ 5,887,607</u>	<u>\$ (1,032,353)</u>	<u>\$ 9,174,441</u>

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

Combining Statement of Activities
Year Ended December 31, 2020

	Vera House, Inc.	Vera House Foundation	Combining Entries	Combined Totals
Revenue:				
Contributions	\$ 673,260	\$ 19,360	\$ -	\$ 692,620
Contributions - White Ribbon	-	128,224	-	128,224
Annual appeal	141,980	-	-	141,980
United Way	202,057	-	-	202,057
Government fees & grants	3,507,074	-	-	3,507,074
Client fees	84,726	-	-	84,726
Management fee	160,806	-	(160,806)	-
Special events, net, including in-kind	4,912	159,345	-	164,257
Interest and miscellaneous	147	-	-	147
Forgiveness of Payroll Protection Loan funds	589,400	-	-	589,400
Net return on investments	-	533,656	-	533,656
Total revenue	5,364,362	840,585	(160,806)	6,044,141
Operating expenses:				
Program expenses	4,547,523	-	-	4,547,523
Management and general	423,256	174,022	(160,806)	436,472
Fundraising	195,497	98,106	-	293,603
Total operating expenses	5,166,276	272,128	(160,806)	5,277,598
Change in net assets	198,086	568,457	-	766,543
Net assets - beginning of year	3,312,550	4,604,122	-	7,916,672
Net assets - end of year	\$ 3,510,636	\$ 5,172,579	\$ -	\$ 8,683,215