

**NEW PHOEBE HOUSE ASSOCIATION**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**BRANTLEY JANSON**  
*Certified Public Accountants*  
A Professional Service Corporation  
909 S. 336th St. Suite 201  
Federal Way, Washington 98003



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
New Phoebe House Association  
Tacoma, Washington

We have reviewed the accompanying financial statements of New Phoebe House Association (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of New Phoebe House Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

June 3, 2024

**NEW PHOEBE HOUSE ASSOCIATION**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**ASSETS**

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 300,201	\$ 330,419
Grants receivable	<u>36,064</u>	<u>35,986</u>
Total current assets	336,265	366,405
PROPERTY AND EQUIPMENT, net	<u>423,699</u>	<u>436,684</u>
TOTAL ASSETS	<u>\$ 759,964</u>	<u>\$ 803,089</u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES		
Accounts payable	\$ 3,777	\$ -
Accrued liabilities	25,190	30,981
Current portion of mortgage payable	<u>7,185</u>	<u>144,782</u>
Total current liabilities	36,152	175,763
LONG TERM DEBT		
Mortgage payable, net of current portion	130,109	-
Washington State Department of Commerce	<u>195,672</u>	<u>195,672</u>
	<u>325,781</u>	<u>195,672</u>
Total liabilities	361,933	371,435
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>398,031</u>	<u>431,654</u>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 759,964</u>	<u>\$ 803,089</u>

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

**NEW PHOEBE HOUSE ASSOCIATION**

**STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

	<u>2023</u>	<u>2022</u>
REVENUES AND SUPPORT		
Government contracts	\$ 263,360	\$ 429,096
Grants - foundations and corporations	235,532	222,123
Special events	100,596	52,726
Client fees	46,153	48,628
Contributions	21,290	40,977
Employee Retention Credit	-	69,229
Total revenues and support	<u>666,931</u>	<u>862,779</u>
OPERATING EXPENSES		
Program services	589,850	639,933
Supporting services		
Management and general	89,669	91,682
Fundraising	<u>21,035</u>	<u>104,166</u>
Total operating expenses	<u>700,554</u>	<u>835,781</u>
CHANGE IN NET ASSETS	(33,623)	26,998
NET ASSETS, beginning of year	<u>431,654</u>	<u>404,656</u>
NET ASSETS, end of year	<u>\$ 398,031</u>	<u>\$ 431,654</u>

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

**NEW PHOEBE HOUSE ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**  
(See Independent Accountant's Review Report)

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	
Salaries	\$ 368,442	\$ 45,763	\$ 1,308	\$ 47,071	\$ 415,513
Payroll taxes	73,010	9,068	259	9,327	82,338
Total salaries and related expenses	441,452	54,831	1,567	56,398	497,850
Depreciation	18,084	5,182	-	5,182	23,266
Fees and charges	-	2,176	-	2,176	2,176
Fundraising events	-	-	15,757	15,757	15,757
Furnishings and appliances	4,244	1,061	-	1,061	5,305
Insurance	14,820	2,615	-	2,615	17,435
Interest expense	4,922	1,641	-	1,641	6,563
Office expenses	5,260	2,869	1,435	4,304	9,564
Other expenses	835	668	167	835	1,670
Professional fees	15,332	12,675	1,750	14,425	29,757
Program expenses	42,221	-	-	-	42,221
Repairs and maintenance	17,068	898	-	898	17,966
Technology	2,513	718	359	1,077	3,590
Travel and meetings	1,028	440	-	440	1,468
Utilities	22,071	3,895	-	3,895	25,966
Total expenses	<u>\$ 589,850</u>	<u>\$ 89,669</u>	<u>\$ 21,035</u>	<u>\$ 110,704</u>	<u>\$ 700,554</u>

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

**NEW PHOEBE HOUSE ASSOCIATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

(See Independent Accountant's Review Report)

	Supporting Services				
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Expenses</u>
Salaries	\$ 392,756	\$ 43,671	\$ 59,413	\$ 103,084	\$ 495,840
Payroll taxes	75,593	8,405	11,435	19,840	95,433
Total salaries and related expenses	<u>468,349</u>	<u>52,076</u>	<u>70,848</u>	<u>122,924</u>	<u>591,273</u>
Depreciation	18,768	5,353	-	5,353	24,121
Dues and subscriptions	20	9	-	9	29
Fees and charges	-	1,437	-	1,437	1,437
Fundraising events	-	-	28,798	28,798	28,798
Furnishings and appliances	17,941	4,485	-	4,485	22,426
Insurance	12,041	2,125	-	2,125	14,166
Interest expense	4,044	1,348	-	1,348	5,392
Office expenses	6,481	3,535	1,767	5,302	11,783
Other expenses	1,161	929	232	1,161	2,322
Professional fees	13,952	14,275	1,980	16,255	30,207
Program expenses	56,945	-	-	-	56,945
Repairs and maintenance	14,284	752	-	752	15,036
Technology	3,786	1,082	541	1,623	5,409
Travel and meetings	1,446	620	-	620	2,066
Utilities	<u>20,715</u>	<u>3,656</u>	<u>-</u>	<u>3,656</u>	<u>24,371</u>
Total expenses	<u>\$ 639,933</u>	<u>\$ 91,682</u>	<u>\$ 104,166</u>	<u>\$ 195,848</u>	<u>\$ 835,781</u>

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

**NEW PHOEBE HOUSE ASSOCIATION**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (33,623)	\$ 26,998
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,266	24,121
Changes in assets and liabilities:		
Grants receivable	(78)	(34,751)
Accounts payable	3,777	(4,735)
Accrued liabilities	<u>(5,791)</u>	<u>(4,472)</u>
Net cash provided (used) by operating activities	(12,449)	7,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,281)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	<u>(7,488)</u>	<u>(7,959)</u>
NET CHANGE IN CASH	(30,218)	(798)
CASH AT BEGINNING OF YEAR	<u>330,419</u>	<u>331,217</u>
CASH AT END OF YEAR	<u>\$ 300,201</u>	<u>\$ 330,419</u>
CASH FLOW DISCLOSURES		
Interest paid	<u>\$ 6,563</u>	<u>\$ 5,392</u>

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

**NEW PHOEBE HOUSE ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**NOTE 1 - NATURE OF OPERATIONS**

New Phoebe House Association (the Association) is a not-for-profit organization in the State of Washington and currently operates a shelter for homeless women with children. The Association also provides programming through its facility that helps promote sobriety, self-sufficiency and reunification. Their primary sources of revenue are grants, client fees and contributions.

The Association funds operations primarily through reimbursable grants, contracts, contributions from various individuals and private foundations, and client service fees.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). Nonprofit organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

The net assets of the Association are classified as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations. The Board of Directors can designate funds within this classification. There were no board designated funds at December 31, 2023 and 2022.

**Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Association's policy to classify revenues with donor restrictions in net assets without donor restricts if the restriction is met in the same year that the revenue is recorded. There were no restricted net assets at December 31, 2023 and 2022.



## **NEW PHOEBE HOUSE ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

#### **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

##### **Concentrations of Credit Risk**

The Association maintains cash balances at financial institutions that are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Association may periodically maintain cash balances in excess of FDIC coverage. Management considers this to be a normal business risk and has not experienced any losses with regard to uninsured balances.

##### **Grants Receivable**

Grants receivable are reported net of an allowance for credit losses. The balance is comprised of uncollected reimbursable grant income yet to be received. The Association provides an allowance, as needed, for grant funds deemed uncollectible. As of December 31, 2023 and 2022, all grants receivable are deemed collectible; therefore, no allowance for credit losses has been recorded.

##### **Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of placement in service. Depreciation is computed using straight-line methods based on the estimated useful lives of the assets, which range from 3 to 39 years. Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

##### **Contributions**

Contributions received are recorded as net assets with donor restrictions and without donor restrictions depending on the existence and/or nature of any donor restrictions. Donated goods and services which otherwise would be purchased are valued at their estimated fair value as of the date received.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based primarily on estimates of the level of effort spent on each functional category and the number of clients served.

**NEW PHOEBE HOUSE ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Federal Income Tax**

The Internal Revenue Service has recognized the Association as exempt from Federal income tax under provision 501(a) of the internal revenue code as an entity described in Section 501(c)(3). To the extent that the Association receives unrelated business income, such earnings are subject to unrelated business income tax.

Unrelated business income tax is accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to unrelated business taxable income in the years in which those temporary differences are expected to be recovered or settled.

Tax positions taken must be more-likely-than-not to be sustained upon examination by taxing authorities to meet criteria for recognition in the financial statements. For the years ended December 31, 2023 and 2022, the Association has no material uncertain tax positions to be accounted for in the financial statements. Typically, the U.S. federal tax returns are open to examination for a period of three years after the filing date.

**Adoption of Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected credit losses at the point a loss is probable to occur, rather than expected to occur, which will generally result in earlier recognition of allowances for credit losses. The new guidance is effective for fiscal years beginning after December 15, 2022. The Association adopted ASU 2016-13 in 2023 and the adoption did not have a material impact to its financial statements.

**Reclassifications**

Certain amounts in the prior period presented have been reclassified for comparative purposes to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported equity or net income.

**Date of Management Review**

Management has evaluated subsequent events through June 3, 2024, the date the financial statements were available to be issued.

**NEW PHOEBE HOUSE ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures to satisfy its liabilities and other obligations as they become due. Cash needs are expected to be met on a monthly basis from grants and other contributions. The Association has established a goal to have three months of expenses on hand. The Association also has a line of credit for short term funding needs (see Note 5).

The Association had the following assets available for general expenditures in the next twelve months at December 31:

	<u>2023</u>	<u>2022</u>
Liquid financial assets:		
Cash	\$ 300,201	\$ 330,419
Grants receivable	<u>36,064</u>	<u>35,986</u>
Liquid financial assets available to meet cash needs for general expenditures within one year	<u>\$ 336,265</u>	<u>\$ 366,405</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment and related accumulated depreciation are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 114,422	\$ 114,422
Building	301,250	301,250
Building improvements	162,362	161,038
Equipment	33,513	33,513
Vehicle	<u>22,285</u>	<u>22,285</u>
	633,832	632,508
Less accumulated depreciation	<u>(210,133)</u>	<u>(195,824)</u>
	<u>\$ 423,699</u>	<u>\$ 436,684</u>

**NEW PHOEBE HOUSE ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**NOTE 5 - LINE OF CREDIT**

The Association has a revolving line of credit with a commercial bank which provides borrowings up to \$50,000 at an interest rate of 1% over the prime rate with a ceiling of 18% and a floor of 5% (8.5% as of December 31, 2023). The line of credit is collateralized by the assets of the Association. At December 31, 2023, the line of credit was set to mature in January 2024. The Association has obtained an extension which has extended the maturity date to January 2025. There was a zero outstanding on the line of credit at December 31, 2023 and 2022.

**NOTE 6 - ACCRUED LIABILITIES**

Accrued liabilities consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Accrued wages and related taxes	\$ 16,788	\$ 22,494
Accrued vacation	<u>8,402</u>	<u>8,487</u>
	<u>\$ 25,190</u>	<u>\$ 30,981</u>

**NOTE 7 - LONG TERM DEBT**

The Association has a mortgage payable which was used to purchase a building next to their main location. This building is primarily used for administration purposes. The loan includes a fixed interest rate of 6.2%. Loan payments, including interest and principal, total \$1,288 per month with a final balloon payment on August 25, 2030. The loan is collateralized by the property. The mortgage consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Mortgage payable	\$ 137,294	\$ 144,782
Less current portion	<u>(7,185)</u>	<u>(144,782)</u>
Long term portion of mortgage payable	<u>\$ 130,109</u>	<u>\$ -</u>

**NEW PHOEBE HOUSE ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

(See Independent Accountant's Review Report)

**NOTE 7 - LONG TERM DEBT (Continued)**

Future minimum payments are as follows for the years ending December 31:

2024	\$ 7,185
2025	7,644
2026	8,131
2027	8,650
2028	9,202
Thereafter	<u>96,482</u>
Total	<u>\$ 137,294</u>

In 2014, the Association received a promissory note for \$195,672 from the State of Washington Department of Commerce. The funds from the note were used to purchase the building that houses their clients. The building serves as collateral for the note. The note states that if the building is not used for its intended purpose, or if it is sold, the balance of the note must be paid in full. This debt has no defined payment schedule and is expected to be forgiven on December 31, 2045.

**NOTE 8 - SIGNIFICANT CONCENTRATIONS**

Approximately 39% and 50% of revenues were received from two grantors in December 31, 2023 and 2022. They also represented 100% of the outstanding grants receivable at both December 31, 2023 and 2022.

**NOTE 9 - EMPLOYEE RETENTION CREDIT**

The Association applied for the Employee Retention Credit (ERC) available through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The ERC is a refundable tax credit against certain employment taxes providing for a refundable credit of up to \$5,000 for each full-time employee retained between March 13 and December 31, 2020 and up to \$7,000 per quarter for each retained employee between January 1 and September 30, 2021, provided certain criteria is met. The Association qualified for \$69,229 in Employee Retention Credits and recognized them as revenue in the year ended December 31, 2022 when total credits for which they qualified were known. The Credits were received during the year ended December 31, 2022.