

**WESLEY HOUSE COMMUNITY SERVICES, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2021  
AND AUDITOR'S REPORT**

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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### **Independent Auditor's Report**

To the Board of Directors  
Wesley House Community Services, Inc.  
Louisville, KY

We have audited the accompanying financial statements of Wesley House Community Services, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### **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 misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Wesley House Community Services, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Ollie Green". The signature is written in a cursive, flowing style.

Ollie Green & Co., CPAs  
Certified Public Accountants

Louisville, Kentucky  
January 12, 2022

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

	<u>6/30/21</u>
Current Assets:	
Cash	\$ 151,745
Cash Restricted for Program Activities	30,408
Grants Receivable	203,519
Prepaid Insurance	<u>2,205</u>
TOTAL CURRENT ASSETS	<u>387,877</u>
Property and Equipment (Note 3)	621,505
Accumulated Depreciation	<u>(319,077)</u>
Property and Equipment (Net)	<u>302,428</u>
 TOTAL ASSETS	 <u>\$ 690,305</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Accounts Payable	\$ 6,603
Accrued Payroll	15,374
Accrued Vacation (Note 1)	4,290
Refundable Advance (Note 5)	<u>44,555</u>
TOTAL CURRENT LIABILITIES	<u>70,822</u>
Notes Payable (Note 6)	<u>100,000</u>
TOTAL LIABILITIES	<u>170,822</u>
 <u>NET ASSETS</u>	
Without Donor Restrictions	
Undesignated	\$ 40,628
Invested in property and equipment, net of related debt	<u>302,428</u>
	<u>343,056</u>
With Donor Restrictions	
Purpose restrictions (Note 4)	<u>176,427</u>
TOTAL NET ASSETS	<u>519,483</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 690,305</u>

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total <u>6/30/21</u>
* REVENUE & SUPPORT:			
Contributions	43,779		43,779
Government Support	6,211		6,211
Metro United Way		137,884	137,884
Grants and Contracts	51,100	324,577	375,677
Special Events	1,956		1,956
Gain on Fixed Asset Sale	1,802		1,802
Program Service	77,456		77,456
Fees/Revenue			
Other Revenue	4,287		4,287
Satisfaction of Program Restrictions	<u>307,483</u>	<u>( 307,483)</u>	<u>0</u>
 Total Revenue & Support	 <u>494,074</u>	 <u>154,978</u>	 <u>649,052</u>
EXPENSES:			
Childcare Program	172,996		172,996
Youth	42,323		42,323
Employment Services Program	108,555		108,555
Fund Raising	30,470		30,470
Support Services	<u>61,502</u>	<u>0</u>	<u>61,502</u>
 Total Expenses	 <u>415,846</u>	 <u>0</u>	 <u>415,846</u>
 Change in Net Assets	 78,228	 154,978	 233,206
Net Assets at Beginning of Year	<u>264,828</u>	<u>21,449</u>	<u>286,277</u>
Net Assets at End of Year	<u>343,056</u>	<u>176,427</u>	<u>519,483</u>

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**JUNE 30, 2021**

	<u>Year Ended June 30, 2021</u>				<u>Total 6/30/21 Total Program &amp; Support Services</u>
	<u>Support Services</u>	<u>Program Services</u>			
	<u>Manage- ment and General*</u>	<u>Childcare Services</u>	<u>Youth Services</u>	<u>Employment Services</u>	
Salaries and Related Expenses:					
Salaries & Wages	56,552	78,380	8,359	77,043	220,334
Payroll Taxes	1,938	5,133	780	7,955	15,806
Employee Health & Retirement	<u>1,920</u>	<u>10,585</u>	<u>1,224</u>	<u>5,481</u>	<u>19,210</u>
<b>Total Salaries &amp; Related Expenses</b>	<b>60,410</b>	<b>94,098</b>	<b>10,363</b>	<b>90,479</b>	<b>255,350</b>
Professional/Contract Services	8,995	3,918	3,156	571	16,640
Supplies	(2,005)	9,146	11,710	4,491	23,342
Food and Outreach	127	3,065	329	157	3,678
Telephone	415	706	2,767	1,583	5,471
Postage	160	9			169
Occupancy/Utilities	9,155	23,013	9,563	5,087	46,818
Operations	489	2,622		90	3,201
Equipment/Rent/Maintenance		1,510	463		1,973
Transportation	54				54
Staff Training and Seminars	4,089	499		48	4,636
Program Expenses		13,808			13,808
Dues, Fees & Subscriptions	1,036	451	170		1,657
Insurance	3,331	15,887		653	19,871
Printing/Advertising	186	887	689	2,283	4,045
Other Miscellaneous Expenses	1,529	244			1,773
Interest Expense	889	20			909
Depreciation	<u>3,112</u>	<u>3,113</u>	<u>3,113</u>	<u>3,113</u>	<u>12,451</u>
<b>Total Expenses</b>	<b><u>91,972</u></b>	<b><u>172,996</u></b>	<b><u>42,323</u></b>	<b><u>108,555</u></b>	<b><u>415,846</u></b>

\* Management and General include Fundraising expense of \$30,470 for FYE 6/30/21.

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**JUNE 30, 2021**

<u>Cash Flows from Operating Activities:</u>	<u>6/30/21</u>
Contributions	\$ 43,779
Grants & Public Support	337,702
Program Service Fees/Revenue	77,456
Other Income/Special Events	6,243
Payments to Employees & Suppliers	(440,352)
Interest Expense	<u>(909)</u>
Net Cash Provided/(Used) by Operating Activities	<u>23,919</u>
 <u>Cash Flows from Investing Activities:</u>	
Proceeds from the Sale of Fixed Asset	2,500
Purchases for Building Improvements	<u>(52,318)</u>
Net Cash (Used)/Provided by Investing Activities	<u>(49,818)</u>
 <u>Cash Flows from Financing Activities:</u>	
Proceeds from Notes Payable	<u>44,555</u>
Net Cash (Used)/Provided by Financing Activities	<u>44,555</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	18,656
Cash and Cash Equivalents at Beginning of Year	<u>163,497</u>
Cash and Cash Equivalents at End of Year	<u>182,153</u>
 Reconciliation of Change in Net Assets to Net Cash Used by Operating Activities:	
Change in Net Assets	233,206
 <u>Adjustments:</u>	
Depreciation	12,451
(Increase)/Decrease in Grants Receivable	(182,070)
(Increase)/Decrease in Prepaid Insurance	(2,204)
Increase/(Decrease) in Payables & Accrued Expenses	(35,662)
Gain on Sale of Fixed Asset	<u>(1,802)</u>
Adjustment to Reconcile	<u>(209,287)</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 23,919</u>



**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1) Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Wesley House Community Services, Inc., founded in 1903, is a charitable, nonprofit corporation that provides affordable childcare for working parents, intervention programs for young people at risk, and computer training for people entering the workforce in Louisville, KY. The Organization's mission is to empower families, individuals and communities toward self-sufficiency, creating hope and opportunity that result in extraordinary change in the lives of those it serves.

Summary of Significant Accounting Policies

This summary of significant accounting policies of Wesley House Community Services, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which include the principles of non-for-profit accounting as defined by the Financial Accounting Standard Board (FASB).

Financial Statement Presentation

Financial statement presentation follows the FASB principles of non-for-profit accounting. Under these principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: *Net Assets Without Donor Restrictions* and *Net Assets With Donor Restrictions*. These net assets classifications are defined as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Method of Accounting

Wesley House Community Services, Inc. prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases this net asset class. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

the statement of activities and as net assets released from restrictions received.

Accounts Receivable

Accounts receivable for childcare services and the food programs are considered collectable. Therefore, no allowance for uncollectible accounts has been made.

Grants Receivable

Grants receivable are the amounts awarded in the fiscal year that will be paid to the Organization in a subsequent period.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Assets costing \$1,000 or more are capitalized.

Support and Revenue Allocation

Certain support and revenue such as government grants and United Way support are designated for specific programs and are reflected in the appropriate fund. Certain support and revenue such as contributions, associated organization support, and program service fees are allocated among programs based on allocation percentages determined by management.

Functional Allocation of Expenses

Certain operating expenses are allocated among programs on the following basis:

- General and administrative expenses are allocated on the basis of estimated total personnel time spent on each program.
- Personnel expenses are allocated on the basis of total direct salaries paid for each program.

Compensated Absences/Accrued Vacation

The Organization's policy for compensated absences and accrued vacation allows for terminated employees to receive a maximum of 120 hours of pay for Non-Exempt Full Time Employees (hourly) and 160 hours of pay for Exempt Employees (salaried). Sick pay does not vest; no benefit is receivable at termination of employment.

The total accrued vacation payable at 6/30/21 is \$4,290.

Income Taxes

The Organization is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code.

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical information. Accordingly, actual results could differ from those estimates.

NOTE 2) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses, that is without donor or other restrictions limiting their use, within one year of the date of the statement of financial position is comprised as follows:

Cash     \$ 151,795

NOTE 3) PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2021 is as follows:

	<u>6/30/21</u>
Land Improvements	17,700
Buildings and Improvements	545,457
Furniture and Fixtures	21,850
Vehicles	<u>36,498</u>
Less Accumulated Depreciation	<u>(319,077)</u>
Property and Equipment - Net	<u>302,428</u>

Depreciation expenses for the year ended June 30, 2021 was \$12,451

NOTE 4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes

	Year Ended 6/30/21
Subject to expense for the specified purpose:	
G.R.O.W. Employment Services	\$ 31,604
Youth Brigade Academy	64,863
Weskids Child Development	47,320
Head Start Program	<u>32,640</u>
	<u>\$ 176,427</u>

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Net assets were released from donor restrictions by incurring expense satisfying the restricted purposes specified by the donors as follows for the year ended June 30, 2021:

	Year Ended 6/30/21
Satisfaction of purpose restrictions:	
G.R.O.W. Employment Services	\$ 102,783
Youth Brigade Academy	42,857
Weskids Child Development	50,960
Head Start Program	63,858
Head Start Program – Building Improvements	44,425
Support Services Covid/Beautification	2,600
	<u>\$ 307,483</u>

NOTE 5) REFUNDABLE ADVANCE

The Organization executed a Forgivable Loan under the U.S. Small Business Administration Paycheck Protection Program (PPP) on May 14, 2021 in the amount of \$44,555 with the Stock Yards Bank and Trust Company as the Lender of Record. Since the Organization expected to meet the PPP's eligibility criteria and can therefore conclude that the PPP loan represents, in substance, a grant that is expected to be forgiven, then in accordance with FASB ASC 958-605, this loan is accounted for as a conditional contribution and is reported as a Refundable Advance.

NOTE 6) NOTES PAYABLE

On May 25, 2020, the Organization executed an Economic Injury Disaster Loan with the U.S. Small Business Administration in the amount of \$100,000. The terms of the promissory note are as follows: Installment payments, including principal and interest, of \$428 monthly was to begin twelve (12) months from the date of the promissory note. The balance of principal and interest is payable thirty (30) years from the date of the promissory note. Interest accrues at the rate of 2.75% per annum. Collateral was required on the loan and it includes all tangible and intangible personal property. The Organization began monthly payments on April 8, 2021.

NOTE 7) DONATED MATERIALS AND SERVICES

A substantial number of volunteers have donated significant amounts of time on behalf of the Organization's program services and fund-raising campaigns. Various materials are also received by the Organization in the support of its program activities. However, no amounts have been reflected in the financial statements since no objective or accurate basis is available to measure the value of such materials and services.

**WESLEY HOUSE COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8) FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore expense require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated equally among the program service areas and the support services, as well as wages and payroll taxes which are allocated based upon the estimated total personnel time spent on each program.

NOTE 9) SUBSEQUENT EVENTS

We have evaluated subsequent events through January 12, 2021, the date the financial statements were available to be issued. The following event was identified:

*Refundable Advance*

On August 30, 2021, the U.S. Small Business Administration remitted to the Lender of Record, Stock Yards Bank & Trust Company, a payment in the amount of \$44,555 for the forgiveness of the Organization's Paycheck Protection Program loan. In accordance with FASB ASC 958-605, the Organization should reduce the refundable advance and recognize this amount as a contribution since the conditions of the release have been met.