The Father McKenna Center • Inc

FINANCIAL STATEMENTS

September 30, 2023 and 2022

C O N T E N T S

Wegner CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Father McKenna Center, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Father McKenna Center, Inc., which comprise the statements of financial position as of September 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Father McKenna Center, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Father McKenna Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Guidance

As discussed in Note 1 of the financial statements, The Father McKenna Center, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* and all subsequently issued clarifying ASUs as of October 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Father McKenna Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Father McKenna Center, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Father McKenna Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs, LLP
Alexandria, Virginia
January 22, 2024

THE FATHER MCKENNA CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 109,154	$ 103,395
Investments	2,692,422	2,371,885
Current portion of promises to give, net	35,000	95,098
Prepaid expenses	32,394	24,407
Employee advances	3,231	2,769
Accrued interest	3,699	1,643
Total current assets	2,875,900	2,599,197
OTHER ASSETS		
Promises to give, long-term, net	-	1,050
Equipment and leasehold improvements, net	2,367,270	2,509,733
Finance lease right-of-use asset, net	8,749	-
Total other assets	2,376,019	2,510,783
Total assets	$ 5,251,919	$ 5,109,980
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 31,623	$ 7,618
Accrued payroll and vacation	28,768	26,995
Current portion of finance lease liability	2,076	-
Total current liabilities	62,467	34,613
OTHER LIABILITIES		
Finance lease liability, net of current portion	6,668	-
Total liabilities	69,135	34,613
NET ASSETS		
Without donor restrictions	5,134,270	4,821,433
With donor restrictions	48,514	253,934
Total net assets	5,182,784	5,075,367
Total liabilities and net assets	$ 5,251,919	$ 5,109,980

See accompanying notes.

THE FATHER MCKENNA CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions			
Organizations	$ 105,351	$ -	$ 105,351
Individuals	859,324	-	859,324
Foundations	155,500	35,000	190,500
Grants	(2,000)	12,012	10,012
In-kind contributions	821,366	-	821,366
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	252,432	(252,432)	-
Total support	2,191,973	(205,420)	1,986,553
Other revenue	4,237	-	4,237
Employee Retention Credit	268,836	-	268,836
Investment return	337,900	-	337,900
Total revenue	610,973	-	610,973
Total support and revenue	2,802,946	(205,420)	2,597,526
EXPENSES			
Program services			
Day program	1,268,168	-	1,268,168
Food pantry	273,756	-	273,756
Hypothermia	84,662	-	84,662
Other programs	364,696	-	364,696
Total program services	1,991,282	-	1,991,282
Supporting activities			
Management and general	185,999	-	185,999
Fundraising	312,828	-	312,828
Total expenses	2,490,109	-	2,490,109
Change in net assets	312,837	(205,420)	107,417
Net assets at beginning of year	4,821,433	253,934	5,075,367
Net assets at end of year	$ 5,134,270	$ 48,514	$ 5,182,784

See accompanying notes.

THE FATHER MCKENNA CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions			
Organizations	$ 127,429	$ -	$ 127,429
Individuals	689,449	-	689,449
Foundations	137,603	60,000	197,603
Grants	-	49,616	49,616
In-kind contributions	710,007	-	710,007
Net assets released from donor restrictions			
Satisfaction of purpose restrictions	214,982	(214,982)	-
Total support	1,879,470	(105,366)	1,774,104
Other revenue	10,956	-	10,956
Investment return	(321,487)	-	(321,487)
Total revenue	(310,531)	-	(310,531)
Total support and revenue	1,568,939	(105,366)	1,463,573
EXPENSES			
Program services			
Day program	1,010,818	-	1,010,818
Food pantry	183,912	-	183,912
Hypothermia	95,373	-	95,373
Other programs	432,401	-	432,401
Total program services	1,722,504	-	1,722,504
Supporting activities			
Management and general	185,624	-	185,624
Fundraising	270,316	-	270,316
Total expenses	2,178,444	-	2,178,444
Change in net assets	(609,505)	(105,366)	(714,871)
Net assets at beginning of year	5,430,938	359,300	5,790,238
Net assets at end of year	$ 4,821,433	$ 253,934	$ 5,075,367

See accompanying notes.

THE FATHER MCKENNA CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2023

	Program Services					Supporting Activities		
	Day Program	Food Pantry	Hypothermia	Other	Total Program	Management and General	Fundraising	Total
Salaries	$ 424,797	$ 13,056	$ 62,926	$ 175,994	$ 676,773	$ 53,523	$ 186,568	$ 916,864
Payroll taxes and benefits	98,457	817	4,124	44,275	147,673	22,272	47,537	217,482
Occupancy	395,116	87,802	14,170	9,062	506,150	29,912	9,567	545,629
Food and clothing	216,166	169,130	256	4,898	390,450	13,600	-	404,050
Professional fees	30,843	233	1,258	30,466	62,800	25,672	10,798	99,270
Supplies and equipment	37,820	2,297	169	718	41,004	1,394	724	43,122
Printing and shipping	658	2	14	100	774	920	31,437	33,131
Advertising	-	-	-	-	-	-	111	111
Depreciation	38,556	316	1,255	82,113	122,240	25,598	17,806	165,644
Insurance	3,054	26	118	9,033	12,231	3,718	1,462	17,411
Information technology	3,976	34	149	2,240	6,399	2,706	2,728	11,833
Office expenses	4,021	31	135	2,501	6,688	2,294	1,605	10,587
Meetings, travel, and training	5,902	-	50	1,648	7,600	1,999	-	9,599
Fees and licenses	3,764	12	38	954	4,768	2,161	2,485	9,414
Local transportation	5,038	-	-	694	5,732	-	-	5,732
Interest expense	-	-	-	-	-	230	-	230
Total expenses	$ 1,268,168	$ 273,756	$ 84,662	$ 364,696	$ 1,991,282	$ 185,999	$ 312,828	$ 2,490,109

See accompanying notes.

THE FATHER MCKENNA CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

	Program Services					Supporting Activities		
	Day Program	Food Pantry	Hypothermia	Other	Total Program	Management and General	Fundraising	Total
Salaries	$ 332,484	$ 15,088	$ 57,213	$ 200,526	$ 605,311	$ 43,028	$ 127,433	$ 775,772
Payroll taxes and benefits	66,940	1,680	12,036	46,621	127,277	22,900	29,503	179,680
Occupancy	403,606	89,987	14,518	9,480	517,591	29,097	9,490	556,178
Food and clothing	104,154	73,056	573	5,517	183,300	-	1,500	184,800
Professional fees	25,547	1,203	4,838	33,312	64,900	53,569	51,572	170,041
Supplies and equipment	30,210	1,032	1,289	2,162	34,693	1,329	697	36,719
Printing and shipping	390	253	66	162	871	3,254	32,888	37,013
Advertising	-	-	-	78	78	-	374	452
Depreciation	18,093	1,080	3,175	118,626	140,974	14,242	7,899	163,115
Insurance	2,501	95	386	8,238	11,220	3,405	992	15,617
Information technology	3,394	141	578	2,413	6,526	2,838	3,474	12,838
Office expenses	5,341	160	528	2,509	8,538	2,502	1,291	12,331
Meetings, travel, and training	2,747	78	-	665	3,490	6,833	-	10,323
Fees and licenses	3,321	59	173	1,273	4,826	2,530	3,203	10,559
Local transportation	12,090	-	-	819	12,909	-	-	12,909
Interest expense	-	-	-	-		97	-	97
Total expenses	$ 1,010,818	$ 183,912	$ 95,373	$ 432,401	$ 1,722,504	$ 185,624	$ 270,316	$ 2,178,444

See accompanying notes.

THE FATHER MCKENNA CENTER, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 107,417	$ (714,871)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of discount on long-term promises to give	(585)	(585)
Allowance for uncollectible promises to give	(5,863)	(5,863)
Unrealized (gain) loss on investments	(280,192)	355,063
Depreciation	165,644	163,115
(Increase) decrease in assets		
Promises to give	67,596	(3,236)
Prepaid expenses	(7,987)	(3,801)
Employee advances	(462)	(2,769)
Accrued interest	(2,056)	(1,560)
Increase (decrease) in liabilities		
Accounts payable	24,005	(10,600)
Accrued payroll and vacation	1,773	6,360
Net cash flows from operating activities	69,290	(218,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and leasehold improvements	(21,908)	(36,080)
Proceeds from sale of investments	(56,022)	85,542
Dividends and interest retained in investments	15,677	(33,576)
Net cash flows from investing activities	(62,253)	15,886
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	-	(4,041)
Principal payments on finance lease liability	(1,278)	-
Net cash flows from financing activities	(1,278)	(4,041)
Net change in cash	5,759	(206,902)
Cash at beginning of year	103,395	310,297
Cash at end of year	$ 109,154	$ 103,395

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Father McKenna Center, Inc. (Center) is a nonprofit organization incorporated in 2012 and is a Catholic social service agency serving individuals and families in need of assistance primarily in Ward 6 of Washington, D.C. The Center's mission is to accompany and care for families struggling with poverty and men facing homelessness by providing food, shelter, clothing and services to support their journey toward stability, productivity, meaning and hope, building upon the good works, ideals and values of Father Horace McKenna, S.J. The Center is supported primarily by contributions.

Adoption of New Accounting Guidance

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842).* The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

The Center adopted the requirements of Topic 842 as of October 1, 2022, using the optional transition method that allows the Center to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Center's reporting for the year ended September 30, 2022, is in accordance with the previous guidance in Topic 840.

The Center elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed the Center to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give to be received over periods longer than a single year are discounted at an interest rate commensurate with risk involved. The Center establishes an allowance for uncollectable promises to give based on an assessment of individual donors and history of collectability. Promises to give are charged against operations when deemed uncollectible.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Equipment and Leasehold Improvements

The Center capitalizes all acquisitions of equipment and leasehold improvements in excess of $1,000. Equipment and leasehold improvements are carried at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets.

Investments

The Center reports investments in mutual funds with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Donated Services

Donated services are recognized as support if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes and benefits which are allocated on the basis of estimates of time and effort; and occupancy, depreciation, and information technology which are allocated on the basis of square footage.

The following program services and supporting activities are included in the accompanying financial statements:

The number of daily McKenna Center guests continued to increase during fiscal year 2023 and exceeded pre-epidemic numbers. This placed an unprecedented burden on the Center to provide adequate and nutritious meals for so many guests each day, and it has required a shift of resources to support meal services and the Food Pantry.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Day Program for Men Struggling with Homelessness

The largest program of The Father McKenna Center is the Day Program for men experiencing homelessness. The Day Program is a “drop-in” program that welcomes guests into the Center to meet their immediate physical needs while providing case management and other support to assist them in identifying the obstacles they face and to develop strategies to overcome those obstacles and reclaim their lives. Open Monday through Friday from 7:30 am to 1:00 pm, with special programs in the afternoon, the Day Program provides a safe and secure environment in which men who struggle with homelessness can develop the personal strategies and skills they need to move toward stability, productivity and meaning in their lives.

During fiscal year 2023 the Center provided 27,056 meals during 21,631 separate visits, an annual increase of 152% in meals served.

One additional way in which the Father McKenna Center honors its commitment to respect the dignity of each of our homeless guests is by making showers available both during the Day Program and in the evening as part of the Hypothermia Program. During fiscal year 2023 the Center provided approximately 6,760 showers. The Center also provides the men with a daily laundry service, and during the past year laundered nearly 2,000 loads of clothing. Additionally, the Center makes available a “clothing closet” that during fiscal year 2023 provided 1,157 men with 11,381 items of clothing valued at $59,578.

The most important work of the FMC is achieved through case management, which is guided by the “The Better Life Pyramid.” This developmental plan, when followed diligently and with support, has proven to lead men out of homelessness to a life of independence, stability, and meaning. The case management team (CMT) provides this support along with referral services to help our guests recognize their full potential. The CMT held over 6,716 consultations during fiscal year 2023, a 75% increase over the previous year. The case managers listen carefully to each guest and formulate an individual plan to guide him on the journey to a better life. Frequently this includes a referral to one of our partner organizations for additional services, such as housing, rehabilitation from addiction, job training, and mental or physical health, or simply to obtain an ID or social security card.

Additional support for men who face homelessness is provided in Daily Support Group meetings, bi-monthly Peace Building Assemblies, Restorative Justice Circles, and Spirituality/Faith Sharing group, and weekly Peace Circle meetings. On a regular basis the Director of Programs and Services facilitates a Recidivism Prevention Workshop. These programs offer a specialized opportunity for men to move forward to stability, productivity and meaning in life.

Food Pantry

The Food Pantry at the Center serves low-income families in our neighborhood with fresh fruits and vegetables, bread, milk, eggs, meat, and a variety of shelf-stable items. We are in partnership with the Capital Area Food Bank and for the past five years have been designated as a “Wellness Partner” because we purchase and provide healthy items that are low in sodium and high in fiber.

In the past year we served 775 unique households representing 1746 individuals, including both shoppers and their families. There were 4,153 individual shopping visits to our Food Pantry.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hypothermia/Transition Program

The Hypothermia/Transition Program offers up to 15 men a warm, safe and secure place to sleep out of the cold, a quality evening meal provided and served by Gonzaga College High School families, and targeted case management services with the goal to help men further advance toward stability, employment and finding a permanent place to live. The Program opens on November 1 and continues every night through March 31 each year.

Immersion Service/Learning Program

The Immersion Service/Learning Program was reinstated in March of 2022. We have gradually been able to offer the immersion experience to the students at Gonzaga College High School and several colleges and universities.

The Father McKenna Center welcomes student groups from across the country for a week of service and learning. Students volunteer in the Center, preparing meals, meeting our guests, helping in the Food Pantry and supporting other services that we offer. The Center offers reflections and meets with the students to challenge them to see people who face poverty and hunger in new ways. “When I arrived, I thought of the homeless as a ‘demographic.’ Now I know that they are individuals like me,” wrote one student.

The Mckenna Academy

Launched in fiscal year 2022 as a pilot program, the “McKenna Academy” (the Academy) graduated its second cohort of men in fiscal year 2023. Consistent with the Better Life Pyramid and complementing the Center’s Day Program, the Academy provides training and support for individuals who are ready to take the next step toward meaningful employment and stable housing, including life skills, financial literacy, digital instruction, career counseling and other related services. The Academy program was enhanced by partnerships with other agencies that serve our population.

Volunteer Program

Volunteers are the lifeblood of The Father McKenna Center. They provide the hearts and hands that make the services and programs at the Center possible. From serving breakfast or lunch, to distributing mail, volunteers touch the lives of the people we serve. Both our Food Pantry and our Clothing Distribution Programs are staffed largely by volunteers.

1,580 individuals volunteered at The Father McKenna Center in fiscal year 2023 providing over 10,578 hours of service to people in need. This represented the hourly equivalent of 5.5 full-time employees thus making a vital contribution to the Center’s ability to provide programs and services.

Management and General

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Center’s program strategy, secure proper administrative functioning of the board of directors, and manage the financial and budgetary responsibilities of the Center.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Fundraising

Provides the structure necessary to encourage and secure private financing from individuals, foundations, and corporations to support the Center's program and administrative functioning.

Capital Campaign Fundraising

Our capital campaign, the Slow Miracles Campaign, was completed in November 2019 and raised $4,600,000 to finance a complete renovation of the Center. The renovation was substantially completed in September of 2019. Contributions and promises to give in connection with the campaign are restricted for expenditures incurred during facility renovations. The funds raised included money to support program enhancements over the course of four years, 2019 through 2023.

Leases

The Center does not recognize short-term leases in the statements of financial position. For these leases, The Center recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Center also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, The Center uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Date of Management's Review

Management has evaluated subsequent events through January 22, 2024, the date which the financial statements were available to be issued, and has no knowledge of additional items of note requiring disclosure.

NOTE 2 – PROMISES TO GIVE

Promises to give are as follows:

	2023	2022
Receivable in less than one year	$ 35,000	$ 96,379
Receivable in one to five years	-	1,050
Total promises to give	35,000	97,429
Less allowance for uncollectible promises to give	-	(1,281)
Promises to give, net	$ 35,000	$ 96,148

The current portion of promises to give is reported on the statements of financial position net of an allowance for uncollectible promises to give that totals $1,281 as of September 30, 2022. No allowance was reported as of September 30, 2023.

NOTE 3 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

	2023	2022
Equipment	$ 156,898	$ 167,612
Computers	38,509	20,666
Leasehold improvements	2,800,221	2,800,221
Vehicles	37,059	37,059
Equipment and leasehold improvements	3,032,687	3,025,558
Accumulated depreciation	(665,417)	(515,825)
Equipment and leasehold improvements, net	$ 2,367,270	$ 2,509,733

NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 14, 2020, the Center received a $134,500 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On June 8, 2021, the SBA preliminarily approved forgiveness of the loan. The Center recorded Payroll Protection Program income for loan forgiveness in the amount of $134,500 for the year ended September 30, 2021, to match the period the covered costs of the loan were incurred.

The Center must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Center's good-faith certification concerning the necessity of its loan request, whether the Center calculated the loan amount correctly, whether the Center used loan proceeds for the allowable uses specified in the CARES Act, and whether the Center is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Center was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5 – EMPLOYEE RETENTION CREDIT

During the year ended September 30, 2023, the Center claimed Employee Retention Credits (ERC) totaling $268,836 under the provisions the Coronavirus Aid, Relief, and Economic Security Act, as amended. Employers are eligible for the ERC if they experience either a significant decline in gross receipts or the full or partial suspension of operations because of governmental orders limiting commerce, travel, or group meetings due to COVID-19. The Center determined it had a significant decline in gross receipts and claimed the ERC for eligible quarters in 2020 and 2021. The Internal Revenue Service generally has five years from the date an ERC claim is filed to audit the claim. Therefore, the IRS may audit the Center's eligibility for the ERC and its substantiation of the amounts claimed. If the IRS determines the Center was ineligible for the ERC, the Center could be required to repay the amount claimed along with penalties and interest.

NOTE 6 – INVESTMENTS

Investments consist of the following:

	2023	2022
Mutual funds	$ 1,669,136	$ 2,071,578
Certificates of deposit	200,069	300,000
Fixed Income	823,217	-
Money market	-	307
Investments	$ 2,692,422	$ 2,371,885

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Center are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds and fixed income held by the Center are considered to be actively traded, which are Level 1 fair value measurements.

NOTE 7 – RETIREMENT PLAN

The Center provides a 401(k) plan that allows employees to begin making elective deferrals once they have met the eligibility requirements. The Center makes a discretionary 3% contribution to the plan based on each employee's compensation. Retirement expense was $26,608 and $14,399 for the years ended September 30, 2023 and 2022.

NOTE 8 – CAPITAL LEASE

In July 2019, the Center entered into a capital lease for telephone equipment. The cost of the capitalized equipment at September 30, 2022 totals $12,470. Accumulated depreciation for the leased equipment at September 30, 2022 totals $12,470. The lease agreement ended as of September 30, 2022.

NOTE 9 – FINANCE LEASE

The Center entered into a financing lease agreement for a copier, which expires in April 2028. The components of lease cost are as follows:

Finance lease cost		
Amortization of right-of-use asset	$	1,273
Interest on lease liability		230
Total lease cost	$	1,503

Other information related to finance lease is as follows:

Cash paid for amounts included in the measurement of lease liability		
Financing cash flows from finance lease	$	1,278
Right-of-use asset obtained in exchange for new finance lease liability		10,022
Weighted-average remaining lease term		
Finance lease		4.58 years
Weighted-average discount rate		
Finance lease		3.68%

The maturities of the finance lease liability as of September 30, 2023, are as follows:

2024	$	2,076
2025		2,076
2026		2,076
2027		2,076
2028		1,211
Total minimum payments		9,515
Less imputed interest		(771)
Present value of future maturity payments	$	8,744

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

		2023		2022
Purpose restricted				
Program improvements	$	-	$	130,723
Ignatian mission		13,514		88,211
Restricted for future periods		35,000		35,000
Net assets with donor restrictions	$	48,514	$	253,934

The Center has plans to spend down donor restricted funds over the next year.

NOTE 11 – IN-KIND CONTRIBUTIONS

In-kind contributions included in the financial statements were as follows:

	2023	2022
Rent	$ 538,506	$ 552,168
Food	209,555	99,423
Clothing	56,962	27,957
Services	13,600	1,400
Vehicles	-	29,059
Equipment	2,743	-
Total	$ 821,366	$ 710,007

The Center recognized contributed nonfinancial assets within revenue, including contributed rent, food, clothing, vehicles, equipment, and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Center does not sell gifts-in-kind and only distributes goods for program use, including food and clothing.

Contributed rent was utilized to carry out the Center's various programs. The Center estimated the fair value on the basis of comparable rent of similar space at rental rates in Washington, D.C.

Contributed services recognized compromised professional services from attorneys advising the Center on various administrative legal matters. Contributed services are valued and are reported as the estimated fair value in the financial statements based on current rates for similar legal services.

Contributed food, clothing, equipment and vehicles are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling products in the United States.

NOTE 12 – LICENSING AGREEMENT

The Center renewed an agreement with Gonzaga College High School (Gonzaga) granting the Center a license to utilize a portion of its facilities for carrying out the Center’s operations at an annual base rent of $1. The rent rate is established on an annual basis and the license expires February 20, 2028. At the expiration date, if no notice is given to terminate at the expiration date, the license automatically renews every five years for up to 25 years or February 20, 2043. The estimated fair value of the donated facilities and utilities was $538,506 and $552,168, respectively, for the years ended September 30, 2023 and 2022 and is included in occupancy on the statements of functional expenses.

NOTE 13 – LIQUIDITY AND AVAILABILITY

The Center's financial assets consist of cash, promises to give, employee advances, and accrued interest. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center met its six-month reserve fund goal with liquidity characteristics that match anticipated needs.

The table below reflects the Center's financial assets as of September 30, 2023 and 2022, the date of the statements of financial position reduced by any amounts not available for general expenditures within one year of the date of the statements of financial position:

	2023	2022
Financial assets at end of year	$ 2,843,506	$ 2,575,840
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	13,514	218,934
Unconditional promises to give receivable in more than one year	-	1,050
Board designated funds for capital campaign	-	500,000
Financial assets available to meet cash needs for general expenditures within one year	$ 2,829,992	$ 1,855,856

As a result of the successful capital campaign, the board designated $500,000 of general contributions to be retained to fund future program expansion. These funds are expected to be retained until the board considers it necessary to access the funds to support the Center's program activities. On June 12, 2023, the board elected to un-designate these funds for access to support the Center's program activities.