VINCENT VILLAGE, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2022 and 2021

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Katz, Sapper & Miller, LLP
Certified Public Accountants

VINCENT VILLAGE, INC.

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Katz, Sapper & Miller, LLP
Certified Public Accountants
202 West Berry Street, Suite 600
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Independent Auditor's Report

Board of Directors
Vincent Village, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Vincent Village, Inc. (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vincent Village, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Vincent Village, 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Vincent Village, 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vincent Village, 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.

Katz, Sapper & Miller, LLP

Fort Wayne, Indiana
November 15, 2022

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 1,077,733	$ 599,894
Grants receivable	101,888	112,636
Total Current Assets	1,179,621	712,530
OTHER ASSETS		
Property and equipment, net	2,456,337	2,436,956
Grant receivable	55,000	105,000
Investment, at cost	500,100	500,100
Beneficial interest in assets held by Community Foundation	21,287	22,988
Cash, restricted for capital purchases	206,793	129,600
Total Other Assets	3,239,517	3,194,644
TOTAL ASSETS	$ 4,419,138	$ 3,907,174
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	$ 19,988	$ 3,452
Accrued expenses and payroll withholdings	35,057	34,769
Deferred revenue and security deposits	11,585	5,748
Total Current Liabilities	66,630	43,969
LONG-TERM LIABILITIES		
Refundable grants	500,000	500,000
Loans payable	460,161	460,161
Total Long-term Liabilities	960,161	960,161
Total Liabilities	1,026,791	1,004,130
NET ASSETS		
Without donor restrictions	3,008,775	2,541,894
With donor restrictions	383,572	361,150
Total Net Assets	3,392,347	2,903,044
TOTAL LIABILITIES AND NET ASSETS	$ 4,419,138	$ 3,907,174

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions:						
Private grants and donations	$ 752,581	$ 667,076	$ 1,419,657	$ 702,651	$ 374,575	$ 1,077,226
In-kind goods, services and space rental	18,000		18,000	18,000		18,000
Special events, net of direct benefit to donors	221,958		221,958	145,420		145,420
PPP loan forgiveness				144,900		144,900
Rental income	162,236		162,236	149,403		149,403
Contracted services	26,250		26,250			
Interest income	880		880	170		170
Change in value of beneficial interest in assets held by Community Foundation	(1,404)	(297)	(1,701)	5,368	1,137	6,505
Gain on sales of property and equipment	644		644	57		57
Net assets released from restrictions	644,357	(644,357)		365,191	(365,191)	
Total Revenues, Gains and Other Support	1,825,502	22,422	1,847,924	1,531,160	10,521	1,541,681
EXPENSES						
Program Services:						
Vincent House	457,642		457,642	359,290		359,290
Village Phase II Rental Home Program	452,962		452,962	393,536		393,536
Youth and Family Services	84,735		84,735	77,661		77,661
St. Hyacinth Center	70,096		70,096	51,105		51,105
Community Housing Development	963		963	596		596
Supporting Services:						
Management and general	151,182		151,182	149,783		149,783
Fundraising	141,041		141,041	92,499		92,499
Total Expenses	1,358,621		1,358,621	1,124,470		1,124,470
CHANGE IN NET ASSETS	466,881	22,422	489,303	406,690	10,521	417,211
NET ASSETS						
Beginning of Year	2,541,894	361,150	2,903,044	2,135,204	350,629	2,485,833
End of Year	$ 3,008,775	$ 383,572	$ 3,392,347	$ 2,541,894	$ 361,150	$ 2,903,044

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Vincent House	Village Phase II Rental Home Program	Youth and Family Services	St. Hyacinth Center	Community Housing Development	Total Program	Management and General	Fundraising	Total
Salaries and wages	$ 278,456	$ 195,487	$ 52,844	$ 8,591		$ 535,378	$ 61,579	$ 91,605	$ 688,562
Payroll taxes	21,012	14,751	3,988	648		40,399	4,647	6,913	51,959
Employee benefits	36,971	12,021	4,681	1,887		55,560	8,972	7,962	72,494
	336,439	222,259	61,513	11,126		631,337	75,198	106,480	813,015
Auto and travel	2,140	4,806	13			6,959			6,959
Childcare, educational and training	6,467	3,316				9,783	1,022	1,700	12,505
Contracted services		303				303	5,200	20,188	25,691
Depreciation	14,400	86,008	6,203	21,600		128,211	6,871		135,082
Food	3,211	1,669	750			5,630	102		5,732
Equipment and equipment rental	8,961	5,814				14,775	35	700	15,510
Insurance and taxes	12,660	21,534	4,521	7,842		46,557	4,006	1,153	51,716
Legal and professional	511		55		$ 925	1,491	25,244		26,735
Maintenance and repairs	20,834	48,896	2,156	4,581		76,467	2,888	908	80,263
Supportive services	5,298	11,354	4,863			21,515	392		21,907
Office expense	6,357	4,092	1,227	1		11,677	10,286	5,763	27,726
Other expenses	1,658	1,475			38	3,171	14,148	1,004	18,323
Rent, in-kind		18,000				18,000			18,000
Supplies	11,877	250	285			12,412	1,106	33	13,551
Telephone and utilities	26,829	23,186	3,149	24,946		78,110	4,684	3,112	85,906
Special events - contracted services and supplies								17,849	17,849
TOTAL EXPENSES BY FUNCTION	457,642	452,962	84,735	70,096	963	1,066,398	151,182	158,890	1,376,470
Less: Expenses included with revenues on the consolidated statements of activities: Costs of direct benefit to donors - contracted services and supplies								(17,849)	(17,849)
TOTAL EXPENSES ON THE CONSOLIDATED STATEMENTS OF ACTIVITIES	$ 457,642	$ 452,962	$ 84,735	$ 70,096	$ 963	$ 1,066,398	$ 151,182	$ 141,041	$ 1,358,621

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Vincent House	Village Phase II Rental Home Program	Youth and Family Services	St. Hyacinth Center	Community Housing Development	Total Program	Management and General	Fundraising	Total
Salaries and wages	$ 220,279	$ 178,968	$ 44,648			$ 443,895	$ 43,320	$ 55,595	$ 542,810
Payroll taxes	13,594	11,045	2,755			27,394	2,673	3,431	33,498
Employee benefits	34,387	5,275	10,683	$ 100		50,445	9,136	1,378	60,959
	268,260	195,288	58,086	100		521,734	55,129	60,404	637,267
Auto and travel	3,044	4,477	275			7,796			7,796
Childcare, educational and training	1,910	375	150			2,435	3,176		5,611
Contracted services	100					100	10,586	22,085	32,771
Depreciation	12,099	70,266	5,686	17,945		105,996	27,668		133,664
Food	1,859	1,874				3,733			3,733
Equipment and equipment rental	236	2,214				2,450	280		2,730
Insurance and taxes	12,148	24,043	4,317	7,444		47,952	2,882	1,121	51,955
Legal and professional	565	7,177		2,400		10,142	22,485	11	32,638
Maintenance and repairs	8,751	16,075	44	1,614		26,484	1,949	234	28,667
Supportive services	5,415	11,158	4,217			20,790	136		20,926
Office expense	5,638	4,260	1,486			11,384	8,737	2,226	22,347
Other expenses	348	508	72		$ 596	1,524	10,039	3,356	14,919
Rent, in-kind		18,000				18,000			18,000
Supplies	17,056	7,520	17			24,593	2,419	482	27,494
Telephone and utilities	21,861	30,301	3,311	21,602		77,075	4,297	2,580	83,952
Special events - contracted services and supplies								14,777	14,777
TOTAL EXPENSES BY FUNCTION	359,290	393,536	77,661	51,105	596	882,188	149,783	107,276	1,139,247
Less: Expenses included with revenues on the consolidated statements of activities: Costs of direct benefit to donors - contracted services and supplies								(14,777)	(14,777)
TOTAL EXPENSES ON THE CONSOLIDATED STATEMENTS OF ACTIVITIES	$ 359,290	$ 393,536	$ 77,661	$ 51,105	$ 596	$ 882,188	$ 149,783	$ 92,499	$ 1,124,470

See accompanying notes.

VINCENT VILLAGE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	$ 489,303	$ 417,211
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	135,082	133,664
PPP loan forgiveness		(144,900)
Grants received for capital purchases	(200,000)	
Change in value of beneficial interest in assets held by Community Foundation	1,701	(6,505)
(Gain) loss on sales of property and equipment	(644)	(57)
(Increase) decrease in certain assets:		
Grants receivable	60,748	(167,601)
Increase (decrease) in certain liabilities:		
Accounts payable - trade	16,536	(3,599)
Accrued expenses and payroll withholdings	288	(2,583)
Deferred revenue and security deposits	5,837	(360)
Net Cash Provided by Operating Activities	508,851	225,270
INVESTING ACTIVITIES		
Purchases of property and equipment	(154,463)	(19,080)
Proceeds from sales of property and equipment	644	
Net Cash Used by Investing Activities	(153,819)	(19,080)
FINANCING ACTIVITIES		
Proceeds from contributions restricted for capital purchases	200,000	
Net Cash Provided by Financing Activities	200,000	
NET CHANGE IN CASH AND RESTRICTED CASH	555,032	206,190
CASH AND RESTRICTED CASH		
Beginning of Year	729,494	523,304
End of Year	$ 1,284,526	$ 729,494
CASH AND RESTRICTED CASH		
Cash	$ 1,077,733	$ 599,894
Cash restricted for capital purchases	206,793	129,600
TOTAL CASH AND RESTRICTED CASH	$ 1,284,526	$ 729,494
SUPPLEMENTAL DISCLOSURES		
In-kind expenses:		
Space rental	$ 18,000	$ 18,000
Non-cash investing and financing activities:		
PPP loan forgiveness		144,900

See accompanying notes.

VINCENT VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Vincent Village, Inc. is an Indiana nonprofit corporation operating since December 1, 1989. Vincent Village, Inc. serves homeless families with children and offers the following primary programs:

> *Vincent House* is a transitional shelter for homeless families primarily residing in Allen County, Indiana providing basic needs, advocacy, referrals, life skills training and supporting services.
>
> *Village Phase II Rental Home Program* offers independent, scattered site, single-family affordable housing for families who have successfully completed goals in the transitional shelter, are budgeting to pay monthly bills and are ready to move to independent living.
>
> *Youth and Family Services* coordinates comprehensive services for homeless children ages 0-17 living in four different shelters in the city of Fort Wayne addressing the physical, emotional, and cognitive needs of homeless children.
>
> *St. Hyacinth Center* offers clients that are unemployed or underemployed in all programs, intensive daily workshops that focus on building employment skills, communication skills, self-confidence, wellness, as well as the opportunity to explore post-secondary options.

Vincent Village, Inc.'s primary sources of revenue are foundation grants, fundraising events, rental income and contributions.

Vincent House Community Housing Development Organization, Inc. (Affiliate) is an Indiana nonprofit corporation formed in 2006. Affiliate is a separate organization and exists for the sole purpose of developing affordable housing for Vincent Village, Inc. Vincent Village, Inc. controls and has an economic interest in Affiliate.

Vincent Village Affordable Housing, LLC (Subsidiary) is an Indiana limited liability company formed in 2017 as a wholly-owned subsidiary of Vincent Village, Inc. Subsidiary was formed to participate in a partnership, BW at Renaissance Pointe, LLC, with an unrelated third party to acquire and develop properties through tax credit-based financing and provide transitional rental housing for the Organization's residents and eventually an affordable permanent housing option. Subsidiary exists for the sole purpose of developing affordable transitional permanent housing for the support of Vincent Village, Inc.'s mission. Vincent Village, Inc. controls and has an economic interest in Subsidiary.

Principles of Consolidation: The consolidated financial statements include the accounts of Vincent Village, Inc., Vincent House Community Housing Development Organization, Inc. and Vincent Village Affordable Housing, LLC (collectively, the Organization). All material intra-entity accounts and transactions have been eliminated in consolidation.

Adopted Accounting Pronouncement: On July 1, 2021, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 increases transparency of contributed nonfinancial assets through enhancements in presentation and disclosure requirements. As a result, the Organization is now required to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial contributions. The Organization is also required to disclose various information related to contributed nonfinancial assets. The amendments had no impact on financial position or changes in net assets. ASU No. 2020-07 was adopted on a retrospective basis. See Note 9.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation: The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following:

- ***Net Assets Without Donor Restrictions*** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors and other Board-designated net assets.

- ***Net Assets with Donor Restrictions*** are subject to stipulations imposed by donors. Some of the Organization's donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Estimates: The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash consists of cash on hand or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

Grants Receivable: Unconditional promises to give and grants receivable expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions and grants in the consolidated statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Grants receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management determined that no allowance was necessary at June 30, 2022 and 2021.

Property and Equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	7-40 years
Equipment and furnishings	3-10 years
Vehicles	5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in fiscal years 2022 and 2021.

Investment relates to the .51% ownership interest in an investment in BW at Renaissance Pointe, LLC at June 30, 2022 and 2021. The investment is accounted for on the cost method because of the Organization's minority ownership percentage and lack of ability to exercise significant influence over the operations of the partnership. The intended purpose of the BW project is to renovate the old Coca Cola building in Fort Wayne, Indiana into 55 residential units that will provide for transitional housing. The Organization will not be asked to take on any extra financial risk but will receive a small development fee for each unit when completed and will act as a service coordinator for the residents living in the units ($100/year).

Beneficial Interest in Assets Held by Community Foundation: The Organization established an endowment fund that is perpetual in nature with the Community Foundation of Greater Fort Wayne (Community Foundation) by transferring assets, without and with donor restrictions, to the Community Foundation and naming itself as the beneficiary of the fund. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify the terms of the fund if continued adherence to any condition or restriction is in the judgment of the Community Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. The fund is held and invested by the Community Foundation for the benefit of the Organization, and the Organization may draw up to a certain percentage of the value each year, as specified in the Community Foundation's spending policy. The fund is reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities. See Note 3 for discussion of fair value measurements.

The Organization has been named a beneficiary of a fund held by the Community Foundation which was established by a donor directly with the Community Foundation. This fund is not included in the Organization's consolidated statements of financial position because it was not established by the Organization and the Community Foundation has variance power over the funds. At June 30, 2022 and 2021, the fair value of the fund was $99,386 and $104,964, respectively.

Contributions and Grants are recognized as support when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable grants.

The Organization receives a significant amount of financial assistance from local government grants and contracts. Local grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all local grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions: Contributions of services are recorded at estimated fair value when received if they create or enhance a nonfinancial asset or if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute significant amounts of time to the Organization's activities that do not meet recognition criteria, and the value of these contributed services is not reflected in the consolidated financial statements. Other contributions of nonfinancial assets are recorded at estimated fair value when received.

Rental Income relates to contracts with individuals associated with the Organization's programs and with outside third parties for use of rooms or buildings owned by the Organization. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing use of rooms or buildings. Rental income related to shelter and transitional housing is recognized each day access to a room or house is provided or access on a monthly basis to third parties for use of buildings owned by the Organization. Any amounts for payments received in advance for above rental income is included in deferred revenue until services are provided.

Special Event Revenue: Sponsorship revenue and other contributions related to special events is recognized when received, unless the contribution is conditional on the event taking place. The portion of special event revenue classified as exchange transactions is recognized upon the occurrence of the event. Revenue received for events occurring subsequent to the consolidated statement of financial position date is reflected as deferred revenue.

Functional Allocation of Expenses: The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable expenses are charged to the specific program or supporting service benefited. Expenses related to more than one function are allocated among program and support services based on occupied space (including, depreciation, insurance and taxes, maintenance and repairs, and telephone and utilities) or time spent by Organization staff (including, salaries and wages, payroll taxes, employee benefits, and office expenses). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes: Vincent Village, Inc. and Affiliate are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though they are subject to tax on income unrelated to their exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code. Subsidiary is a single member limited liability company that is treated as a disregarded entity for federal and state income tax purposes. In addition, Vincent Village, Inc. and Affiliate 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. There was no unrelated business income tax for the years ended June 30, 2022 and 2021.

Vincent Village, Inc. and Affiliate file U.S. federal and Indiana information or income tax returns. Vincent Village, Inc. and Affiliate are no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before 2019. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in material change.

Subsequent Events: Management has evaluated the consolidated financial statements for subsequent events occurring through November 15, 2022, the date the consolidated financial statements were available to be issued.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization's financial assets available for general expenditure within one year of June 30, 2022 and 2021 were as follows:

	2022	2021
Cash and cash, restricted for capital purposes	$1,284,526	$ 729,494
Grants, reimbursements and other receivables	156,888	217,636
Investment, at cost	500,100	500,100
Beneficial interest in assets held by Community Foundation	21,287	22,988
Total Financial Assets	1,962,801	1,470,218
Long-term investment in BW at Renaissance Pointe, LLC	(500,100)	(500,100)
Long-term grants and reimbursements receivable	(55,000)	(105,000)
Donor-imposed Restrictions:		
Endowment	(3,721)	(4,019)
Capital purchases	(206,793)	(129,600)
Board-designations:		
Reserve for capital and operational needs	(297,905)	(297,316)
Future purchase and maintenance of homes	(73,356)	(73,356)
Endowment	(17,565)	(18,969)
Total Financial Assets Available Within One Year	$808,361	$ 341,858

The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses. Annual operations are defined as activities occurring during the Organization's fiscal year.

Financial assets available for general expenditure exclude board-designated funds to be used for specific purposes. Although the Organization does not intend to spend from its board-designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, those funds could be made available if necessary. Financial assets available for general expenditure also exclude the Organization's beneficial interest in assets held by Community Foundation which is subject to an annual spending rate of 4.50% from the related endowment fund, as described in Note 1.

The Organization meets monthly to monitor organization performance to the budget, to approve operating expenditures and to evaluate liquidity required to meet its operating needs and other contractual commitments in the near term.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at June 30, 2022 and 2021.

Beneficial Interest in Community Foundation: Valued based on the Organization's proportionate share of the fair value of the underlying investments in the Community Foundation's pooled investment portfolio as reported by the Community Foundation, without adjustment. The valuation methodology for the beneficial interest in assets held by Community Foundation does not utilize any unobservable inputs.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2022 and 2021:

2022	**Level 3**	**Total**
Assets		
Investments held for board designated and donor restricted endowments:		
Beneficial Interest in Assets held by Community Foundation	$21,287	$21,287
2021		
Assets		
Investments held for board designated and donor restricted endowments:		
Beneficial Interest in Assets held by Community Foundation	$22,988	$22,988

Activity during 2022 related to the asset measured at fair value on a recurring basis using a Level 3 valuation methodology is disclosed in Note 6.

NOTE 4 - GRANTS RECEIVABLE

Grants and reimbursements receivable were estimated to be collected as follows as of June 30, 2022 and 2021:

	2022	**2021**
Within one year:		
City of Fort Wayne	$ 16,888	$ 17,497
Lincoln	35,000	40,000
ESG Shelter		1,639
Foellinger Foundation	50,000	45,000
Diocese of FWSB – St. Mary's		8,500
	101,888	112,636
One to five years:		
Foellinger Foundation	55,000	105,000
Total Grants and Reimbursements Receivable	$156,888	$217,636

NOTE 5 - PROPERTY AND EQUIPMENT

The Organization's property and equipment are as follows at June 30, 2022 and 2021:

	2022	2021
Land, buildings and improvements	$ 3,597,268	$ 3,448,147
Equipment and furnishings	421,958	416,616
Vehicles	79,521	79,521
	4,098,747	3,944,284
Less: Accumulated depreciation	(1,642,410)	(1,507,328)
Total Property and Equipment, net	$ 2,456,337	$ 2,436,956

NOTE 6 - ENDOWMENT

The Organization's endowment consists of a fund established by donors to provide annual funding for general operations. The endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Interpretation of Relevant Law

The Organization is subject to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The endowment net asset composition by type of fund consisted of the following as of June 30, 2022 and 2021:

2022	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$17,565		$17,565
Donor-restricted Endowment Funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		$2,435	2,435
Accumulated investment gains		1,287	1,287
Total Endowment Funds	$17,565	$3,722	$21,287

NOTE 6 - ENDOWMENT (CONTINUED)

2021	Without Donor Restrictions	With Donor Restrictions	Total
Board designated funds	$18,969		$18,969
Donor-restricted Endowment Funds:			
Original gifts and amounts required to be maintained in perpetuity by donors		$2,435	2,435
Accumulated investment gains		1,584	1,584
Total Endowment Funds	$18,969	$4,019	$22,988

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require the Organization to retain as a fund of perpetual duration. There were no underwater endowment funds at June 30, 2022 and 2021.

Investment and Spending Policies

The Organization's objective for the endowment fund is to provide a predictable stream of funding for the programs supported by the endowment while maintaining the purchasing power of the endowment assets. The endowment has been invested in the Community Foundation; and therefore, asset management is governed by the investment policies and appropriations are limited to the spending policies of the Community Foundation. Currently, the endowment fund is subject to an annual spending rate of 4.50%.

Activity in the endowment by net asset class for the years ended June 30, 2022 and 2021 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds at June 30, 2020	$13,601	$2,882	$16,483
Change in value of beneficial interest in assets held by Community Foundation	5,368	1,137	6,505
Endowment Funds at June 30, 2021	18,969	4,019	22,988
Change in value of beneficial interest in assets held by Community Foundation	(1,404)	(297)	(1,701)
Endowment Funds at June 30, 2022	$17,565	$3,721	$21,287

NOTE 7 - LOANS AND REFUNDABLE GRANTS

The Organization has loan agreements with the City of Fort Wayne (City) for the rehabilitation and construction of six homes. The loan agreements call for costs incurred in the rehabilitation or construction of homes to be loaned to the Organization. Upon completion of the homes and the property being occupied by qualified tenants, the funds advanced to the Organization under the agreement for each property were formalized as promissory notes between the Organization and the City for either a 17- or 22-year period. The loan terms call for no interest or principal payments over the life of the loan with a maturity date in either January 2035 or January 2040 at which time the City may forgive the balance due. If the loan is forgiven, then any outstanding balance on the loan would be recognized as support without donor restrictions in the consolidated statements of activities. The loans are secured by each respective property. The Organization had loans outstanding in total of $348,188 related to these loan agreements as of June 30, 2022 and 2021.

NOTE 7 - LOANS AND REFUNDABLE GRANTS (CONTINUED)

The Organization also entered into a loan agreement in fiscal year 2014 with the City to receive up to $111,973 for the rehabilitation of one home. The rehabilitation was completed in fiscal year 2015 and formalized with a promissory note in the amount of $111,973. The note calls for no interest or principal payments with a maturity date in April 2034 at which time the City may forgive the balance due. The loan is secured by the property. The Organization had an amount outstanding of $111,973 as of June 30, 2022 and 2021.

The Organization received a private grant of $500,000 in fiscal year 2019 for investment in the partnership, BW at Renaissance Pointe, LLC, to acquire and develop properties through tax credit-based financing and provide transitional rental housing. The grant is conditional on maintaining compliance for qualified tenants and specified programming for a 15-year period ending in June 2034. Upon successful completion of the compliance period, the grant will become unconditional. At June 30, 2022 and 2021, the Organization recorded a long-term refundable grant of $500,000.

The Organization has a line of credit agreement with Old National Bank for maximum borrowings of $150,000. The agreement will mature in March 2023 and outstanding borrowings bear interest at the Prime Rate (4.75% as of June 30, 2022) and are secured by substantially all of the Organization's assets. There were no borrowings outstanding at June 30, 2022 and 2021.

NOTE 8 - NET ASSETS

Net Assets Without Donor Restrictions:

Net assets without donor restrictions consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Board-designated endowment fund	$ 17,565	$ 18,969
Board-designated for future capital and operational needs	297,905	297,316
Board-designated for future purchase and maintenance of homes	73,356	73,356
Invested in property and equipment, net of related debt	1,996,176	1,976,795
Undesignated	623,773	175,458
Total Net Assets Without Donor Restrictions	$3,008,775	$2,541,894

Net Assets With Donor Restrictions:

Net assets with donor restrictions consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Subject to Expenditures for Specified Purpose:		
Village Phase II Rental Home Program:		
Home purchases and improvements	$206,793	$129,600
Mural Project and other	3,381	13,631
Youth Services:		
Child and family services	1,526	11,900
	211,700	155,131
Subject to the Passage of Time:		
Promises to give or grants that are not restricted by donors, but which are unavailable for expenditure until due	168,150	202,000
Endowment Subject to Appropriation – Available for General Use	3,722	4,019
Total Net Assets With Donor Restrictions	$383,572	$361,150

NOTE 8 - NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Expiration of time restrictions	$183,850	$169,261
Satisfaction of Purpose Restrictions:		
Vincent Village Phase II Rental Program:		
Family enhancement		2,351
Home purchases and improvements		
Capital improvements	73,382	24,924
Other	10,250	18,357
Vincent House:		
Food and shelter	357,501	139,936
Youth Services:		
Parent and teacher program		
Child and family services	19,374	10,362
Total Net Assets Released from Restriction	$644,357	$365,191

NOTE 9 - IN-KIND CONTRIBUTIONS

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized in the consolidated statements of activities consisted of the following:

	2022	2021
Building rental	$18,000	$18,000
Total Recognized Contributed Nonfinancial Assets	$18,000	$18,000

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed building rental will be used for program services and office space. In valuing the contributed rental space, which is located in the St. Hyacinth building, the Organization estimated the fair value based on recent comparable rental rates in the market.

NOTE 10 - LEASES

The Organization rents and utilizes a building for programming and maintenance from an unrelated third party. A fair rental value of $1,500 per month has been established by the Board. The unrelated third party donated the rent as in-kind space rental of $18,000 for the years ended June 30, 2022 and 2021. The agreement expires in April 2028 and is cancelable by either party, without penalty, with ninety days written notice.

The Organization entered into an agreement with an unrelated third-party to rent space in the St. Hyacinth building effective July 1, 2019, and expiring on July 31, 2032, unless terminated by either party with a sixty-day notice. The agreement requires monthly payments of $3,333. Total revenue recognized from the above lease agreements was $39,996 for the years ended June 30, 2022 and 2021.

The Organization also receives rents from individuals and families for the use of rooms at Vincent House Shelter or houses located throughout Vincent Village. These rents are based on lease agreements renewed on an annual basis. Total revenue earned from these agreements was $122,100 and $106,907 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 - PENSION PLAN

Vincent Village, Inc. provides a SIMPLE IRA plan which covers all employees and provides for a match of 3% of an employee's eligible compensation. All plan participants are permitted to make salary reduction contributions to the Plan. The total contributions for the years ended June 30, 2022 and 2021 were $1,306 and $3,869, respectively.