Our Lady's Inn

MATERNITY HOMES

FINANCIAL STATEMENTS

December 31, 2023 and 2022

CONTENTS

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Independent Auditors' Report

To the Board of Directors
Our Lady's Inn

Opinion
We have audited the financial statements of Our Lady's Inn (a Missouri not-for-profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Our Lady's Inn as of December 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Our Lady's Inn 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Our Lady's Inn's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 Our Lady's Inn'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 Our Lady's Inn'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.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
March 26, 2024

Our Lady's Inn
STATEMENTS OF FINANCIAL POSITION
December 31,

	2023	2022
ASSETS		
Cash and cash equivalents	$ 575,333	$ 1,058,999
Operating investments	1,509,340	1,147,904
Contributions and grants receivable	770,439	184,950
Prepaid expenses	29,400	36,321
Property and equipment, net	1,472,427	1,496,534
Operating lease right-of-use asset	97,673	145,749
Endowment investments	2,746,195	2,367,314
Cash held for others	7,962	4,597
Total assets	$ 7,208,769	$ 6,442,368
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 85,614	$ 37,083
Accrued liabilities	123,788	110,543
Operating lease liabilities	98,417	145,360
Total liabilities	307,819	292,986
Net assets		
Without donor restrictions		
Undesignated	4,050,901	3,672,183
Board designated endowment	1,484,995	1,281,553
	5,535,896	4,953,736
With donor restrictions	1,365,054	1,195,646
Total net assets	6,900,950	6,149,382
Total liabilities and net assets	$ 7,208,769	$ 6,442,368

The accompanying notes are an integral part of these statements.

Our Lady's Inn
STATEMENTS OF ACTIVITIES
Years ended December 31,

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenue						
Government grants	$ 1,040,827	$ -	$ 1,040,827	$ 1,102,686	$ -	$ 1,102,686
Grant - Employee Retention Credits	569,488	-	569,488	-	-	-
Contributions						
Cash and other financial assets	1,533,354	39,083	1,572,437	1,704,438	40,487	1,744,925
Nonfinancial assets and services	147,814	-	147,814	172,320	-	172,320
Investment income, net	290,655	175,439	466,094	(287,003)	(211,703)	(498,706)
Thrift shop	108,607	-	108,607	108,950	-	108,950
Special events, net of direct expenses	189,358	-	189,358	199,992	-	199,992
Other	6,690	-	6,690	6,280	-	6,280
	3,886,793	214,522	4,101,315	3,007,663	(171,216)	2,836,447
Net assets released from restrictions						
Satisfaction of program restrictions	43,537	(43,537)	-	75,406	(75,406)	-
Expiration of time restrictions	1,577	(1,577)	-	1,577	(1,577)	-
Total net assets released from restrictions	45,114	(45,114)	-	76,983	(76,983)	-
Total support and revenue	3,931,907	169,408	4,101,315	3,084,646	(248,199)	2,836,447
Expenses						
Program services	2,458,628	-	2,458,628	2,091,398	-	2,091,398
Management and general	416,452	-	416,452	307,679	-	307,679
Fundraising	474,667	-	474,667	412,123	-	412,123
Total expenses	3,349,747	-	3,349,747	2,811,200	-	2,811,200
INCREASE (DECREASE) IN NET ASSETS	582,160	169,408	751,568	273,446	(248,199)	25,247
Net assets at beginning of year	4,953,736	1,195,646	6,149,382	4,680,290	1,443,845	6,124,135
Net assets at end of year	$ 5,535,896	$ 1,365,054	$ 6,900,950	$ 4,953,736	$ 1,195,646	$ 6,149,382

The accompanying notes are an integral part of these statements.

Our Lady's Inn
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023

	Program services	Management and general	Fundraising	Total expenses
Salaries	$ 1,470,726	$ 223,974	$ 331,055	$ 2,025,755
Employee benefits and taxes	173,240	32,507	49,071	254,818
Total	1,643,966	256,481	380,126	2,280,573
Client expense	157,708	-	-	157,708
Food and beverage	43,242	794	687	44,723
Transportation expense	22,683	90	404	23,177
Facilities	383,110	17,066	24,450	424,626
Staff development	4,349	8,526	645	13,520
Office expense	10,650	5,461	6,572	22,683
Professional fees	8,984	107,148	-	116,132
Business insurance	56,421	3,089	3,824	63,334
Info tech/telecom	120,147	16,821	24,423	161,391
Development/public relations	4,756	348	33,207	38,311
Fundraising event expense	-	-	68,611	68,611
Miscellaneous	2,612	628	329	3,569
Total expenses by function	2,458,628	416,452	543,278	3,418,358
Less expenses included with revenues on the statements of activities	-	-	(68,611)	(68,611)
Total expenses	$ 2,458,628	$ 416,452	$ 474,667	$ 3,349,747

The accompanying notes are an integral part of these statements.

Our Lady's Inn
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	Program services	Management and general	Fundraising	Total expenses
Salaries	$ 1,217,725	$ 193,864	$ 291,703	$ 1,703,292
Employee benefits and taxes	161,279	27,120	42,401	230,800
Total	1,379,004	220,984	334,104	1,934,092
Client expense	143,826	177	12	144,015
Food and beverage	44,667	2,371	400	47,438
Transportation expense	17,229	51	378	17,658
Facilities	353,672	16,301	22,177	392,150
Staff development	9,135	2,534	137	11,806
Office expense	13,313	6,816	6,237	26,366
Professional fees	225	43,831	-	44,056
Business insurance	52,975	2,781	3,316	59,072
Info tech/telecom	67,443	9,588	13,568	90,599
Development/public relations	5,863	520	31,827	38,210
Fundraising event expense	307	-	110,750	111,057
Miscellaneous	3,739	1,725	274	5,738
Total expenses by function	2,091,398	307,679	523,180	2,922,257
Less expenses included with revenues on the statements of activities	-	-	(111,057)	(111,057)
Total expenses	$ 2,091,398	$ 307,679	$ 412,123	$ 2,811,200

The accompanying notes are an integral part of these statements.

Our Lady's Inn
STATEMENTS OF CASH FLOWS
Years ended December 31,

	2023	2022
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	$ 751,568	$ 25,247
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	84,772	75,966
Gain on sale of assets	(1,900)	(975)
Realized and unrealized (gain) loss on investments	(297,693)	609,867
Change in assets and liabilities		
Contributions and grants receivable	(585,489)	912
Prepaid expenses	6,921	2,272
Operating lease asset and liability	1,133	-
Accounts payable	48,531	17,075
Accrued liabilities	13,245	24,485
Total adjustments	(730,480)	729,602
Net cash provided by (used in) operating activities	21,088	754,849
Cash flows from investing activities		
Purchase of property and equipment	(60,665)	(189,003)
Proceeds from the sale of assets	1,900	1,500
Proceeds from the sale of investments	762,227	955,922
Purchases of investments	(1,204,851)	(1,309,775)
Net cash used in investing activities	(501,389)	(541,356)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(480,301)	213,493
Cash and cash equivalents, beginning of year	1,063,596	850,103
Cash and cash equivalents, end of year	$ 583,295	$ 1,063,596
Reconciliation of cash and cash equivalents to statements of financial position		
Cash and cash equivalents	$ 575,333	$ 1,058,999
Cash held for others	7,962	4,597
Total cash and cash equivalents	$ 583,295	$ 1,063,596

The accompanying notes are an integral part of these statements.

NOTE A | NATURE OF ENTITY

Our Lady's Inn (Agency), a not-for-profit corporation, provides shelter and individualized supportive services for homeless pregnant women and their children, with a focus on healthy birth outcomes, family wellness and movement toward housing stability. Services include case management, material supports, counseling, life skills education, parenting, employment readiness, mental health and substance use disorder treatment support as well as peri-natal nursing support. In 2023, the Agency provided 13,464 days of care/nights of shelter and on-site services to 89 families. In the 2-year Aftercare Program, an additional 71 families were supported during the year. In December of 2023, 54 families benefited from participation in the Our Lady's Inn's Adopt a Family Christmas Program.

In 2023, at the St. Louis Inn location, 7,402 nights of shelter/days of care were provided for a total of 48 women and 45 children. Thirteen babies were born in residence, with an average birth weight 5lbs 8 oz and gestational age of 37 weeks. The average length of stay for those families moving from the Inn in 2023 was 87 days. The Inn received 204 unduplicated calls for help from pregnant women.

In 2023, at the St. Charles Inn location, 6,062 nights of shelter/days of care were provided to a total of 41 women and 48 children. Eleven babies were born in residence with an average birth weight of 5lbs 10 oz and gestational age of 37 weeks. The average length of stay for those families moving from the Inn in 2023 was 77 days. The Inn received 130 unduplicated calls for help from pregnant women.

Twice Blessed Resale Shop is operated by Our Lady's Inn as a social enterprise, providing a small revenue stream in support of the Inn, but more importantly, offering job training and work experience for those clients of the Inn who wish to participate.

NOTE B | SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

<u>Net Assets Without Donor Restrictions</u> – Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Agency or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Contributions restricted by donors 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 revenue 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 restrictions and reported in the statement of activities as net assets released from restriction.

Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for cash and cash equivalents which are considered part of the investment portfolios.

Cash Held for Others

Cash held for others represent the liability for assets held by the Agency for the residents. These assets belong to the residents and are not available to be used in the daily operations of the Agency.

Contributions and Grants Receivable

The Agency considers contributions and grants receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal and most advantageous market for the asset or liability. Donated securities are recorded as a contribution at their fair value at the date of donation. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. See Note D for a discussion on fair value measurements.

Property and Equipment

Additions of property and equipment are recorded at cost if purchased or at fair value at the date of donation. Property and equipment acquisitions are capitalized if they are in excess of $15,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. The estimated service lives of assets are as follows:

	Years
Building and improvements	3 – 40
Furniture and equipment	5 – 15
Automobiles	3 – 5

Operating Lease Right–of–Use Asset and Lease Liability

The Agency determines if an arrangement is a lease at inception of the contract. Our right-of-use assets represent our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. We use our estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments.

The Agency does not record leases with an initial term of 12 months or less ("short-term leases") in our statements of financial position.

The Agency elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. We have also elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

The Agency elected the practical expedient for all leased assets that do not have a readily determinable rate implicit in the lease to use the risk-free rate.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Thrift shop sales are recognized at the time of sale. Special events revenue is recorded equal to the fair value of direct benefits to donors, and contribution revenue for the difference.

Revenue derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when the qualifying expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts were received in advance under these contracts and grants for the years ended December 31, 2023 or 2022. The Agency received cost-reimbursable grants of $372,156 and $307,697 that have not been recognized at December 31, 2023 and 2022, respectively because qualifying expenditures have not yet been incurred.

Contributed Nonfinancial Assets and Services

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities. The financial statements do not reflect the value of certain volunteer services because they do not create or enhance nonfinancial assets or require specialized skills. Contributed professional services, which meet recognition criteria prescribed by generally accepted accounting principles, are recorded at the respective fair values of the services received and contributed nonfinancial assets are recorded at fair value on the date of donation as further disclosed in Note L.

Use of Estimates

In preparing the Agency's financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Agency qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3), and accordingly it is exempt from Federal income taxes under Internal Revenue Code Section 501(a) and similar provisions of state law. The Agency files federal information returns. These returns are generally subject to examination by the Internal Revenue Service for three years from the date they are filed.

Functional Allocation of Expenses

Costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services as described in Note N.

NOTE C | LIQUIDITY AND AVAILABILTY OF FINANCIAL ASSETS

The following represents financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action.

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$ 575,333	$ 1,058,999
Operating investments	1,509,340	1,147,904
Contributions and grants receivable	770,439	184,950
Endowment investments	2,746,195	2,367,314
Cash held for others	7,962	4,597
Total financial assets	5,609,269	4,763,764
Contractual or donor-imposed restrictions		
Endowment funds		
Perpetual in nature	(314,503)	(314,503)
Unappropriated endowment income	(946,697)	(771,258)
Restricted by donors for specified purpose	(98,212)	(102,667)
Board designations		
Endowment funds	(1,484,995)	(1,281,553)
Cash held for others	(7,962)	(4,597)
	$ 2,756,900	$ 2,289,186

The Agency manages its liquidity by maintaining a minimum amount of cash and equivalents sufficient to cover approximately 2-3 months worth of operating expenses in various checking accounts. Any excess cash is invested with a short-term horizon and is available to support the Agency's current operations if needed. The Agency could also draw upon $50,000 of an available line of credit as disclosed in Note G in the event of an unanticipated liquidity need.

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is available for general use, however, funds remain restricted until the Board appropriates them for expenditure. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment funds and unappropriated endowment income subtracted above are subject to the spending policy described in Note E.

NOTE D | FAIR VALUE MEASUREMENT

FASB *Accounting Standards Codification (ASC) 820*, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that 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 and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below.

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in an inactive market;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (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.

The asset's 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. There were no changes in the methodologies used at December 31, 2023 and 2022.

When available, the Agency uses quoted prices to determine the fair value of investments. Investments in mutual funds and exchange traded funds are valued based on the quoted market price of the investments on their respective exchange. These investments are Level 1.

Investments in money market funds are based on an amortized cost valuation method designed to maintain a net asset value (NAV) of $1 per share, which approximates fair value. These investments are Level 2.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Agency's financial assets measured at estimated fair value on a recurring basis at December 21, 2023:

		Fair Value Measurement		
	Total	Level 1	Level 2	Level 3
Operating investments				
Money market funds	$ 672,281	$ -	$ 672,281	$ -
Mutual and exchange traded funds	837,059	837,059	-	-
Total operating investments	1,509,340	837,059	672,281	-
Endowment investments				
Money market funds	48,789	-	48,789	-
Mutual and exchange traded funds	2,697,406	2,697,406	-	-
Total endowment investments	2,746,195	2,697,406	48,789	-
Total	$ 4,255,535	$ 3,534,465	$ 721,070	$ -

The following table sets forth by level within the fair value hierarchy, the Agency's financial assets measured at estimated fair value on a recurring basis at December 31, 2022:

		Fair Value Measurement		
	Total	Level 1	Level 2	Level 3
Operating investments				
Money market funds	$ 363,006	$ -	$ 363,006	$ -
Mutual and exchange traded funds	784,898	784,898	-	-
Total operating investments	1,147,904	784,898	363,006	-
Endowment investments				
Money market funds	31,308	-	31,308	-
Mutual and exchange traded funds	2,336,006	2,336,006	-	-
Total endowment investments	2,367,314	2,336,006	31,308	-
Total	$ 3,515,218	$ 3,120,904	$ 394,314	$ -

NOTE E | ENDOWMENT

The Agency's endowment consists of investments established to fund operations. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Agency has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency retains in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts donated, and (c) any accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity (unappropriated endowment income) is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- The duration and preservation of the fund
- The purposes of the Agency and 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 Agency
- The investment policies of the Agency

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment	$ 1,484,995	$ -	$ 1,484,995
Donor restricted endowment			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	314,503	314,503
Accumulated investment income	-	946,697	946,697
	$ 1,484,995	$ 1,261,200	$ 2,746,195

Endowment net assets composition by type of fund as of December 31, 2022 is as follows:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment	$ 1,281,553	$ -	$ 1,281,553
Donor restricted endowment			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	314,503	314,503
Accumulated investment income	-	771,258	771,258
	$ 1,281,553	$ 1,085,761	$ 2,367,314

During the years ended December 31, 2023 and 2022, Our Lady's Inn's endowment net assets had the following activity:

	Without donor restrictions	With donor restrictions	Total
Beginning balance at January 1, 2022	$ 1,555,625	$ 1,297,464	$ 2,853,089
Investment return			
Interest and dividends	52,236	34,516	86,752
Net realized and unrealized losses	(326,308)	(246,219)	(572,527)
Ending balance at December 31, 2022	1,281,553	1,085,761	2,367,314
Investment return			
Interest and dividends	43,822	47,621	91,443
Net realized and unrealized gains	159,620	127,818	287,438
Ending balance at December 31, 2023	$ 1,484,995	$ 1,261,200	$ 2,746,195

Endowment Management, Investment, and Spending Policies

The Agency's investment and spending policy for the endowment assets was designed to provide financial support to fund the mission of the Agency into the future. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for donor-specified period(s) as well as any board designated funds. The Agency's policy is to provide capital appreciation with a moderate risk tolerance over a long-time horizon.

To satisfy its long-term rate of return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that is in line with the risk and return objectives.

The Agency is currently in the position of growing the endowment fund and does not anticipate distributing any funds until the endowment balance reaches a level that the Board determines is sufficient unless an emergency situation should arise that would make a distribution necessary.

The following asset allocation parameters have been identified as appropriate in order to meet the long-term investment goals of the endowment:

Asset class	Range
Equity	50 – 70%
Fixed income	30 – 50%
Cash	0 – 5%

The Agency will take action to rebalance the portfolio if the asset allocation moves outside the target ranges or when there is a significant cash in/outflow.

NOTE F | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31,:

	2023	2022
Building and improvements	$ 1,936,373	$ 1,937,423
Furniture and equipment	128,635	160,031
Automobiles	177,682	136,682
	2,242,690	2,234,136
Less accumulated depreciation	1,371,152	1,318,826
	871,538	915,310
Land	431,055	431,055
Construction in progress	169,834	150,169
	$ 1,472,427	$ 1,496,534

NOTE G | LINE OF CREDIT

On March 30, 2021, the Agency entered into a revolving line of credit agreement with Enterprise Bank and Trust Company with maximum advances of $50,000 through March 30, 2025. The line of credit is unsecured and any outstanding balances accrue interest at .50% over the prime rate, with a minimum 5.5% and maximum 9.0% interest rate. The effective rate at December 31, 2023 was 9.0%. To date, there have been no draws on this line of credit.

NOTE H | CONCENTRATION OF CREDIT RISK

The Agency maintains its cash balances at various financial institutions which provide insurance through the Federal Deposit Insurance Corporation. From time to time, cash balances may exceed Federal insurance limits. The Agency has not experienced any losses in the accounts with the financial institutions and believes it is not exposed to any significant credit risk on its cash.

The Agency has a significant amount of investments. Investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with investments it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

NOTE I | BENEFIT PLAN

The Agency adopted a 403(b) tax sheltered annuity plan (the Plan) which covers employees after an initial period of service that meet the eligibility criteria. Participants may defer up to the maximum allowable under current Internal Revenue Service regulations. The Agency has discretion to make matching contributions equal to a uniform percentage or dollar amount each year. Eligible employees are fully vested in the Agency's matching contribution. Plan expense was $33,191 and $33,428 for the years ended December 31, 2023 and 2022, respectively.

NOTE J | NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor-imposed restrictions were restricted for the following purposes or periods at December 31,:

	2023	2022
Subject to expenditure for a specified purpose		
Security upgrades	$ 9,000	$ -
St. Louis plumbing	5,000	-
Sober living program	20,000	20,000
Client support and other	64,212	82,667
	98,212	102,667
Subject to the passage of time		
Building use-time restricted	5,642	7,218
Subject to appropriation by the Board of Directors		
Unappropriated endowment income	946,697	771,258
Not subject to spending policy or appropriation		
Donor-restricted endowment funds	314,503	314,503
	$ 1,365,054	$ 1,195,646

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or periods specified by the donors as follows, for the years ended December 31,:

	2023	2022
Satisfaction of purpose restrictions		
Sober living program	$ 20,000	$ 35,000
New van purchase	-	15,000
Client support and other	23,537	25,406
	43,537	75,406
Expiration of time restrictions		
Building use-time restricted	1,577	1,577
	$ 45,114	$ 76,983

NOTE K | OPERATING LEASE COMMITMENTS

The Agency has a lease agreement for its administrative headquarters and aftercare center. The lease commenced on December 1, 2022 and ends November 30, 2025. The lease provides for a monthly base rent of $4,312 through October 31, 2023, and $4,451 for the remaining term of the lease.

The Agency's lease is an operating lease, and the following are the relevant disclosures:

	2023	2022
Operating lease cost and cash flows	$ 46,943	$ 4,312
Right-of-use assets obtained in exchange for new operating lease liabilities	-	149,672
Weighted average discount rate	3.98%	3.98%
Weighted average remaining lease term (months)	23	35

The minimum future operating lease payments are as follows:

Year ended December 31,	
2024	$ 51,881
2025	48,965
	100,846
Less imputed interest	(2,429)
Present value of lease liability	$ 98,417

Total lease expense for the Agency's administrative headquarters and after care center for the years ended December 31, 2023 and 2022, was $62,170 and $56,288 respectively. The lease expense is reported under facilities expense in the Statements of Functional Expenses.

NOTE L | CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES

The Agency receives contributed nonfinancial assets and services, which would have to be purchased if not provided by donation. Contributed services are recognized in the financial statements if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed nonfinancial assets and services are recorded at the estimated fair value at the date of the contribution and are recognized in the financial statements are as follows during the years ended December 31,:

	2023	2022
Food, clothing and supplies	$ 144,344	$ 138,608
Counseling, medical and educational services	990	10,535
Professional services		
Legal	-	22,580
Other	2,480	597
	$ 147,814	$ 172,320

Contributed food, clothing and supplies were utilized by the Agency's residential and aftercare program. The Agency's estimated fair value is based on the estimated value that it would cost the Agency to purchase a similar item from a local or online retailer.

Counseling, medical and education services as well as other were also utilized by the Agency's residential and aftercare program. The Agency's estimated fair value is based on an hourly rate for service ranging $12 to $30 per hour.

Professional services consist of legal fees on various Agency administrative legal matters that were contributed and capitalized as part of construction in process. The contributed professional services are reported at the estimated fair value in the financial statements based on current rates for services by the individuals providing the service to the Agency.

NOTE M | COMMITMENTS AND CONTINGENCIES

On December 15, 2021, the Agency entered into a real estate sale and purchase contract to purchase land for a new St. Louis facility, subject to the completion of due diligence. The maximum contracted budget for the purchase is approximately $1.3 million. The remaining commitment for payments under the contract at December 31, 2023 is the entire purchase price less a $25,000 earnest money deposit to be applied to the purchase price. See Note P for subsequent events related to this commitment.

NOTE N | FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include salaries, employee benefits and taxes, rent, repairs and maintenance, contracted services, depreciation, insurance, utilities, and telecommunications which are allocated on the basis of estimated time and effort.

NOTE O | EMPLOYEE RETENTION CREDITS

The Agency is eligible for the Employee Retention Credits (ERC) under the CARES Act and filed for the credits in 2023. Grant revenue in the amount of $569,488 is reported in the statements of activities during 2023. The ERC was not received as of December 31, 2023 and is reported in contributions and grants receivable in the statements of financial position. The receivable and revenue relate to Form 941-X Adjusted Employer's Quarterly Federal Return or Claims for the quarter ending December 31, 2020, March 31, 2021, and June 30, 2022.

NOTE P | SUBSEQUENT EVENTS

In preparing the financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through March 26, 2024, the date the financial statements were available to be issued.

The Agency reached a settlement with St. Louis County on the zoning for the commitment described in Note M on February 16, 2024 and closed on the purchase of the property on March 8, 2024.