

HOME SWEET HOME
FINANCIAL STATEMENTS
December 31, 2020



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HOME SWEET HOME

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ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Home Sweet Home
Brentwood, Missouri

We have audited the accompanying financial statements of Home Sweet Home (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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 Home Sweet Home as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Home Sweet Home and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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, 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 Home Sweet Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

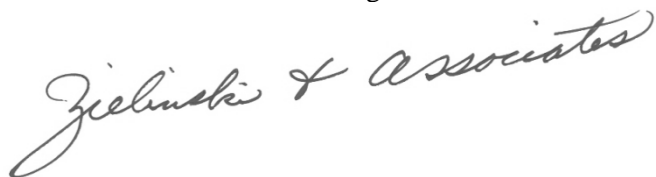
Auditor's Responsibilities for the Audit of the Financial Statements

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 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, including omissions, 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 on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Home Sweet Home'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 Home Sweet Home'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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.



June 21, 2021

HOME SWEET HOME

STATEMENT OF FINANCIAL POSITION

December 31, 2020

Assets

Cash	\$	229,202
Accounts, grants, and pledges receivable (Note B)		59,379
Inventory		29,451
Property, plant, and equipment, net (Note C)		<u>81,024</u>

Total Assets 399,056

Liabilities and Net Assets

Liabilities

Accounts payable	\$	681
Accrued expenses		19,072
Paycheck Protection Program loan (Note F)		<u>32,407</u>

TOTAL LIABILITIES 52,160

Net assets

Without donor restrictions		142,362
Board designated		151,500
With donor restrictions (Note D)		<u>53,034</u>

TOTAL NET ASSETS 346,896

TOTAL LIABILITIES AND NET ASSETS \$ 399,056

HOME SWEET HOME

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Donations	\$ 354,691	-	\$ 354,691
Grant income	159,198	\$ 115,720	274,918
Program fees	39,890	-	39,890
Donations in-kind	356,933	-	356,933
Other income	19,376	-	19,376
Interest	134	-	134
Net assets released from restrictions	<u>62,686</u>	<u>(62,686)</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>992,908</u>	<u>53,034</u>	<u>1,045,942</u>
Expenses			
Program services	854,350	-	854,350
Management and general	94,267	-	94,267
Fundraising	<u>47,407</u>	<u>-</u>	<u>47,407</u>
TOTAL EXPENSES	<u>996,024</u>	<u>-</u>	<u>996,024</u>
CHANGES IN NET ASSETS	(3,116)	53,034	49,918
Net Assets, Beginning of Year	<u>296,978</u>	<u>-</u>	<u>296,978</u>
NET ASSETS, END OF YEAR	<u>\$ 293,862</u>	<u>\$ 53,034</u>	<u>\$ 346,896</u>

HOME SWEET HOME

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Personnel costs	\$ 247,810	\$ 70,890	\$ 26,699	\$ 345,399
Payroll taxes	16,605	4,750	1,789	23,144
Donations in-kind	384,434	-	-	384,434
Advertising	-	-	11,804	11,804
Dues	2,717	225	-	2,942
Special events	-	-	7,115	7,115
Furniture purchases	11,041	-	-	11,041
Hospitality	-	1,275	-	1,275
Insurance	10,983	-	-	10,983
Operating expenses	11,407	3,812	-	15,219
Rent	118,260	-	-	118,260
Utilities	10,078	-	-	10,078
Professional fees	-	8,819	-	8,819
Supplies	5,438	4,496	-	9,934
Transportation	19,990	-	-	19,990
VISTA	3,500	-	-	3,500
Depreciation	12,087	-	-	12,087
TOTAL FUNCTIONAL EXPENSES	\$ 854,350	\$ 94,267	\$ 47,407	\$ 996,024

HOME SWEET HOME

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash Flows from Operating Activities	
Changes in net assets	\$ 49,918
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	12,087
Changes in:	
Accounts, grants, and pledges receivable	(57,379)
Inventory asset	24,642
Accounts payable	(1,070)
Accrued expenses	<u>18,872</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>47,070</u>
Cash Flows from Investing Activities	
Property and equipment, net	<u>(84,140)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(84,140)</u>
Cash Flows from Financing Activities	
Paycheck Protection Program loan proceeds	<u>32,407</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>32,407</u>
NET DECREASE IN CASH	(4,663)
Cash, Beginning of Year	<u>233,865</u>
CASH, END OF YEAR	<u>\$ 229,202</u>

HOME SWEET HOME

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Home Sweet Home (the Organization), is a not-for-profit corporation organized under the law of the State of Missouri and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service Code. Home Sweet Home connects nonprofit partners in the St. Louis region with donated furniture and household items. The Organization helps clients from partner organizations transition to their new living situations with much-needed furnishings and basics, providing a sense of ownership and a source of stability at this crucial time. The mission of Home Sweet Home is to give under-served families a sense of pride and to improve the quality of their lives by providing basic household furnishings. The Organization collects household items from donors and invites clients to shop for kitchen tables, couches, dishes, and other necessities for the home.

Since its inception in 2015, Home Sweet Home has served over 2,000 families, provided over 2,000 beds, and donated nearly 120,000 household items. Clients are referred by partner agencies from across the St. Louis area, which serve people who are dealing with domestic violence or addiction or struggling with homelessness, mental illness, and other challenges.

Basis of Presentation

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

Net assets without donor restrictions—net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—net assets subject to donor-imposed stipulations that can be used for specified purposes or time periods or must be maintained in perpetuity by the Organization.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as unrestricted support and increased net assets without donor restrictions.

Cash

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. At times, cash may be in excess of the FDIC limits.

Accounts, Grants, and Pledges Receivable

Home Sweet Home considers all receivables 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.

HOME SWEET HOME

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventory

Inventory includes furniture and household items ready for donation to clients. Items received from donors are recorded at thrift store values. Items purchased by the Organization held in inventory at year end are recorded at cost.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or fair market value at date of donation. All expenditures for property and equipment with useful lives in excess of one year are capitalized. Major renewals and improvements are capitalized. Replacements, maintenance, and repairs are expensed currently, unless they improve or extend the lives of the assets. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, on a straight-line basis as follows:

	<u>Years</u>
Furniture and equipment	3-10
Vehicles	5

Use of Estimates

In preparing the Organization's financial statements, in conformity with generally accepted accounting principles, 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 Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income.

The Organization does not believe there are any material uncertain tax positions and; accordingly, they will not recognize any liability for them. For the year ended December 31, 2020, there were no penalties or interest recorded or included in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Taxes for the years ended December 31, 2020, 2019, and 2018, are subject to examination by the IRS, generally three years after they were filed.

HOME SWEET HOME

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Goods and Services

It was determined during the year ended December 31, 2015, that the Organization would begin recording various types of in-kind support including donated goods and services at their estimated fair value. The contributed services do not always meet the recognition criteria set forth by generally accepted accounting principles. However, the Organization acknowledges without the contributed goods and services they would not be able to accomplish its mission. The effect on the accompanying financial statements has not been determined. The Organization received \$356,933 in donated furniture and household items during the year ended December 31, 2020.

Functional Expenses

The Organization allocates certain of its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that function.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 21, 2021, the date the financial statements were available to be issued.

The Paycheck Protection Program loan of \$32,407 was forgiven on February 28, 2021.

NOTE B—ACCOUNTS, GRANTS, AND PLEDGES RECEIVABLE

Accounts, grants, and pledges receivable consisted of the following at December 31, 2020:

CARES	\$	42,860
St. Louis—Jefferson Solid Waste Management Districts		10,174
Other		<u>6,345</u>
	\$	<u>59,379</u>

NOTE C—PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at December 31, 2020:

Fixtures	\$	3,900
Equipment		1,507
Vehicles		<u>87,504</u>
		92,911
Less: accumulated depreciation		<u>(11,887)</u>
TOTAL	\$	<u>81,024</u>

Depreciation expense was \$12,087 for the year ended December 31, 2020.

HOME SWEET HOME

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE D—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purpose at December 31, 2020:

Grants receivable	\$ <u>53,034</u>
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NOTE E—COMMITMENTS AND CONTINGENCIES

In August 2018, the Organization entered into a lease agreement for its property located at 290 Hanley Industrial Court in Brentwood, Missouri. The lease term is for 61 months, and rents are calculated based on the approximate square footage. The following is a schedule, by year, of total minimum lease payments receivable:

Fiscal Year	
<u>Ending December 31:</u>	
2021	\$ 72,599
2022	73,913
2023	<u>56,174</u>
	<u>\$ 202,686</u>

Rent expense was \$118,260 for the year ended December 31, 2020.

In July 2019, the Organization entered into a lease agreement for a truck. The lease term is for 24 months and ends in July 2021. Total remaining minimum lease payments are approximately \$6,000. Truck lease expense was \$10,200 for the year ended December 31, 2020.

NOTE F—PAYCHECK PROTECTION PROGRAM

As a result of a global pandemic due to COVID-19, Home Sweet Home applied for and received a Paycheck Protection Program loan on May 4, 2020 to help pay the salaries of its employees. The loan totaled \$32,407 and is expected to be forgiven as the conditions for forgiveness were met. The funds received are included in the Statement of Financial Position under Liabilities. The funds expended are included in the Statement of Functional Expenses under the description Personnel Costs.

NOTE G—COVID-19 GLOBAL PANDEMIC

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closing of businesses and has drastically affected the financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the continued effect on the markets. Therefore, the Organization anticipates this matter may impact its future operations. The related financial impact and duration cannot be reasonably estimated at this time.

HOME SWEET HOME

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2020

NOTE H—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 229,202
Accounts, grants, and pledges receivable	<u>59,379</u>
	288,581
Less	
Accounts payable and accrued expenses	(19,753)
Net assets with donor restrictions	<u>(53,034)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 215,794</u>