

***LYDIA'S HOUSE, INC.***  
***CONSOLIDATED FINANCIAL STATEMENTS***  
***FOR THE YEARS ENDED***  
***SEPTEMBER 30, 2019 AND 2018***

***LYDIA’S HOUSE, INC.***

ST. LOUIS, MISSOURI

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## INDEPENDENT AUDITORS' REPORT



Board of Directors  
*LYDIA'S HOUSE, INC.*

We have audited the accompanying consolidated financial statements of Lydia's House, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lydia's House, Inc. as of September 30, 2019 and 2018, 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.

### ***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, in 2019 the Organization adopted new accounting guidance, ASU No. 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 18 through 24 is presented for purposes of additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Batz, Deal & Company*

St. Charles, Missouri  
February 14, 2020

**LYDIA'S HOUSE, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 AND 2018**

**ASSETS**

	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 1,723,680	\$ 1,488,091
Investments	15,565	-
Receivables:		
Contracts	39,739	46,823
Promises to give	15,000	50,834
Accounts receivable	9,240	12,769
Prepaid expenses	39,915	37,083
Inventory	14,924	14,499
<b>TOTAL CURRENT ASSETS</b>	<b>1,858,063</b>	<b>1,650,099</b>
 <b>FIXED ASSETS</b>		
Land	524,887	524,887
Buildings and improvements	4,301,941	4,284,248
Furniture and equipment	62,798	62,798
Vehicles	107,198	107,198
Total Cost	4,996,824	4,979,131
Less: accumulated depreciation and amortization	1,745,806	1,568,842
<b>NET FIXED ASSETS</b>	<b>3,251,018</b>	<b>3,410,289</b>
 <b>OTHER ASSETS</b>		
Deposits	500	500
 <b>TOTAL ASSETS</b>	 <b>\$ 5,109,581</b>	 <b>\$ 5,060,888</b>

The accompanying notes are an integral part of these financial statements.

## LIABILITIES AND NET ASSETS

	2019	2018
<b>CURRENT LIABILITIES</b>		
Notes payable - amount due in one year	\$ 45,382	\$ 43,399
Accounts payable	17,539	13,164
Payroll taxes payable	262	280
Accrued expenses:		
Vacations	23,683	15,320
Salaries and wages	30,384	29,574
Retirement	2,405	-
Other	678	968
Deferred revenue	4,710	3,380
Resident CCS payments	-	10
<b>TOTAL CURRENT LIABILITIES</b>	<b>125,043</b>	<b>106,095</b>
<b>LONG-TERM LIABILITIES</b>		
Notes payable	709,342	752,313
Less: amount due in one year	45,382	43,399
Less: loan fees, net of accumulated amortization	1,771	3,179
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>662,189</b>	<b>705,735</b>
<b>TOTAL LIABILITIES</b>	<b>787,232</b>	<b>811,830</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,410,023	1,195,139
Invested in property and equipment, net of related debt	2,541,676	2,657,976
Board designated - operating reserve	250,000	250,000
Board designated - repairs	26,397	26,397
With donor restrictions	94,253	119,546
<b>TOTAL NET ASSETS</b>	<b>4,322,349</b>	<b>4,249,058</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,109,581</b>	<b>\$ 5,060,888</b>

The accompanying notes are an integral part of these financial statements.

**LYDIA'S HOUSE, INC.**  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS AND SUPPORT</b>			
Government support	\$ 678,088	\$ 15,000	\$ 693,088
Contributions	498,340	122,536	620,876
Merchandise and food sales	35,088	-	35,088
Less: cost of sales	(22,735)	-	(22,735)
Net income from sales	12,353	-	12,353
Special events	351,186	-	351,186
Less: direct benefits to donors	(25,740)	-	(25,740)
Net income from special events	325,446	-	325,446
Interest and dividend income, net	4,567	-	4,567
In-kind contributions	43,750	-	43,750
Rental income	7,350	-	7,350
Miscellaneous	5,204	-	5,204
Net gain (loss) on sales of assets	(462)	-	(462)
Unrealized loss on investments	(813)	-	(813)
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	162,829	(162,829)	-
<b>TOTAL REVENUES, GAINS     AND SUPPORT</b>	<b>1,736,652</b>	<b>(25,293)</b>	<b>1,711,359</b>
<b>EXPENSES</b>			
Program	1,238,476	-	1,238,476
Management and general	88,297	-	88,297
Fundraising	311,295	-	311,295
<b>TOTAL EXPENSES</b>	<b>1,638,068</b>	<b>-</b>	<b>1,638,068</b>
<b>CHANGE IN NET ASSETS</b>	98,584	(25,293)	73,291
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,129,512</b>	<b>119,546</b>	<b>4,249,058</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,228,096</b>	<b>\$ 94,253</b>	<b>\$ 4,322,349</b>

The accompanying notes are an integral part of these financial statements.

**LYDIA'S HOUSE, INC.**  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUES, GAINS AND SUPPORT</b>			
Government support	\$ 701,745	\$ 15,000	\$ 716,745
Contributions	621,016	82,100	703,116
Merchandise and food sales	31,147	-	31,147
Less: cost of sales	<u>(26,424)</u>	<u>-</u>	<u>(26,424)</u>
Net income from sales	4,723	-	4,723
Special events	330,577	-	330,577
Less: direct benefits to donors	<u>(52,492)</u>	<u>-</u>	<u>(52,492)</u>
Net income from special events	278,085	-	278,085
Interest and dividend income, net	2,897	-	2,897
In-kind contributions	52,734	-	52,734
Miscellaneous	7,359	-	7,359
Net gain (loss) on sale of assets	2,358	-	2,358
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	<u>278,124</u>	<u>(278,124)</u>	<u>-</u>
<b>TOTAL REVENUES, GAINS     AND SUPPORT</b>	<u>1,949,041</u>	<u>(181,024)</u>	<u>1,768,017</u>
<b>EXPENSES</b>			
Program	1,222,222	-	1,222,222
Management and general	70,212	-	70,212
Fundraising	<u>275,239</u>	<u>-</u>	<u>275,239</u>
<b>TOTAL EXPENSES</b>	<u>1,567,673</u>	<u>-</u>	<u>1,567,673</u>
<b>CHANGE IN NET ASSETS</b>	381,368	(181,024)	200,344
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,748,144</u>	<u>300,570</u>	<u>4,048,714</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,129,512</u>	<u>\$ 119,546</u>	<u>\$ 4,249,058</u>

The accompanying notes are an integral part of these financial statements.



**LYDIA'S HOUSE, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 509,406	\$ 51,957	\$ 132,074	\$ 693,437
Payroll taxes and fringe benefits	119,327	8,720	18,660	146,707
Amortization	2,179	50	251	2,480
Assistance/aid	94,344	-	-	94,344
Bank and credit card fees	-	-	4,409	4,409
Continuing education and training	80	5,441	-	5,521
Depreciation	166,011	2,252	6,220	174,483
Dues and subscriptions	11,148	398	310	11,856
Equipment rental	2,705	259	741	3,705
Information technology	8,092	655	9,371	18,118
Insurance	31,649	1,996	2,813	36,458
Interest	30,146	617	2,850	33,613
Meetings	171	763	86	1,020
Mileage and parking	151	-	100	251
Miscellaneous	3,080	824	753	4,657
Postage	-	141	2,099	2,240
Printing	211	99	9,429	9,739
Professional fees	15,798	1,176	3,360	20,334
Repairs and maintenance	84,671	5,751	24,555	114,977
Retirement plan contributions	11,268	1,451	3,785	16,504
Security	1,240	-	-	1,240
Special events	-	-	102,004	102,004
Supplies and furnishings	12,419	542	801	13,762
Telephone	17,530	1,296	3,704	22,530
Travel	4,698	1,274	-	5,972
Utilities	97,421	2,165	8,660	108,246
Vehicle costs	14,731	470	-	15,201
TOTAL	<u>1,238,476</u>	<u>88,297</u>	<u>337,035</u>	<u>1,663,808</u>
Less direct benefits to donors expense included with revenues on the statement of activities:	<u>-</u>	<u>-</u>	<u>(25,740)</u>	<u>(25,740)</u>
Total included in expenses on statement of activities	<u>\$ 1,238,476</u>	<u>\$ 88,297</u>	<u>\$ 311,295</u>	<u>\$ 1,638,068</u>

The accompanying notes are an integral part of these financial statements.

**LYDIA'S HOUSE, INC.**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 512,866	\$ 41,975	\$ 105,863	\$ 660,704
Payroll taxes and fringe benefits	129,727	9,627	18,050	157,404
Amortization	2,041	77	361	2,479
Assistance/aid	81,177	-	-	81,177
Bank and credit card fees	-	-	8,365	8,365
Depreciation	162,601	1,855	4,516	168,972
Dues and subscriptions	7,920	108	551	8,579
Equipment rental	406	37	84	527
Information technology	12,957	1,177	2,692	16,826
Insurance	29,490	1,941	2,269	33,700
Interest	31,896	655	2,559	35,110
Meetings	402	884	318	1,604
Mileage and parking	744	-	32	776
Miscellaneous	3,327	645	1,731	5,703
Postage	259	130	2,008	2,397
Printing	958	80	12,913	13,951
Professional fees	21,481	1,774	4,106	27,361
Repairs and maintenance	45,294	2,338	8,963	56,595
Retirement plan contributions	10,362	1,107	2,706	14,175
Security	3,325	-	-	3,325
Special events	-	-	134,527	134,527
Supplies and furnishings	25,534	1,703	4,252	31,489
Telephone	21,077	1,377	3,147	25,601
Travel	6,348	-	-	6,348
Utilities	100,331	2,205	7,718	110,254
Vehicle costs	11,699	517	-	12,216
TOTAL	<u>1,222,222</u>	<u>70,212</u>	<u>327,731</u>	<u>1,620,165</u>
Less direct benefits to donors expense included with revenues on the statement of activities:	<u>-</u>	<u>-</u>	<u>(52,492)</u>	<u>(52,492)</u>
Total included in expenses on statement of activities	<u>\$ 1,222,222</u>	<u>\$ 70,212</u>	<u>\$ 275,239</u>	<u>\$ 1,567,673</u>

The accompanying notes are an integral part of these financial statements.

**LYDIA'S HOUSE, INC.**  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Public support and contributions received	\$ 1,003,992	\$ 944,060
Government support received	700,172	920,184
Cash paid to suppliers and employees	(1,416,310)	(1,402,190)
Miscellaneous income received	5,204	7,359
Rental income received	7,350	-
Interest and dividends received	4,567	2,897
Interest paid	(32,205)	(33,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	272,770	438,440
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	23,483	135,627
Proceeds from insurance claim	-	3,778
Purchase of fixed assets	(17,693)	(118,383)
NET CASH PROVIDED BY INVESTING ACTIVITIES	5,790	21,022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	(42,971)	(41,161)
<b>NET INCREASE IN CASH</b>	235,589	418,301
<b>CASH - BEGINNING OF YEAR</b>	1,488,091	1,069,790
<b>CASH - END OF YEAR</b>	\$ 1,723,680	\$ 1,488,091

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

	2019	2018
<b>CHANGE IN NET ASSETS</b>	<b>\$ 73,291</b>	<b>\$ 200,344</b>
 <b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Stock donations	(40,322)	(137,045)
Depreciation and amortization	176,963	171,451
Amortization of loan fees	1,408	1,408
Realized (gain) loss on sales of assets	462	(2,358)
Unrealized (gain) loss on sales of investments	813	-
(Increase) decrease in assets:		
Receivables	10,613	199,281
Promises to give	35,834	15,833
Prepaid expenses	(2,832)	7,908
Inventory	(425)	2,667
Deposits	-	5,183
Increase (decrease) in liabilities:		
Accounts payable	4,375	(18,065)
Accrued expenses	11,270	123
Deferred revenue	1,330	432
Resident CCS payments	(10)	(6,922)
Security deposits	-	(1,800)
<b>TOTAL ADJUSTMENTS</b>	<b>199,479</b>	<b>238,096</b>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <b>\$ 272,770</b>	 <b>\$ 438,440</b>

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:**

In-kind donations of program supplies and assistance items in the amount of \$43,750 and \$52,734 were received during the years ended September 30, 2019 and 2018, respectively.

The accompanying notes are an integral part of these financial statements.

***LYDIA’S HOUSE, INC.***  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

**1. DESCRIPTION OF OPERATIONS**

Lydia’s House, Inc. (the Organization) is a not-for-profit organization founded in 1995 by a four-person mission group who, after research and discussions with domestic violence service providers in the St. Louis area, decided to address the urgent need of safe and confidential housing for battered women and their children. Lydia’s House continues to be the only confidentially-located, stand-alone transitional housing program in Missouri specifically for domestic violence victims. In the 22 years since Lydia’s House opened its first site, the Organization has grown from serving 2 families to serving 50 women and up to 80 children at a given time. Lydia’s House services include transitional housing, advocacy/case-management, legal advocacy, support groups, art therapy, counseling, children’s programs, community meals and outings, specialized services for immigrant survivors, follow-up services and the Ladle job training/employment program.

The Organization’s public support is currently funded by community and government organizations, St. Louis-based corporations, and individual donations.

In August 2013, Lydia’s House created a new entity, Lydia’s Ladle, LLC, a not-for-profit organization. Through this program, women gain practical work experience, make contacts for future job references, learn job skills that would make them a desirable job candidate in the food/restaurant business, and, most importantly, gradually transition into the full-time work force after leaving Lydia’s House. Lydia’s House is proud to say that, since the Lydia’s Ladle’s inception, 29 women have been provided with employment and job training.

In June of 2016, Lydia’s House purchased an additional property for the use of administrative offices, Lydia’s Ladle commercial kitchen, and the Educational Resource Center for Lydia’s House. Lydia’s House also began renovations to one of our housing locations to incorporate 5 more apartments. Lydia’s House went from serving 45 women and their children to 50 women and their children after renovations were completed.

In August 2018, Lydia’s House in collaboration with IFM Community Medicine started an in-house medical clinic that provides medical services to mothers and children residing at Lydia’s House. Through this program, residents can get school checkups, well and sick visits, blood work and immunizations at reduced or no cost if uninsured.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Consolidated Financial Statements** - The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, Lydia’s Ladle, LLC. The financial statements also include assets of a grantor trust held for the benefit of the Organization. All significant intercompany accounts and transactions have been eliminated in the consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Basis of Presentation** - Financial statement presentation follows the recommendations of the FASB Accounting Standard Codification Topic 958, Not-for-Profit Entities.

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

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

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

**Revenue and Revenue Recognition** - Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. 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 are not recognized until the conditions on which they depend have been substantially met.

**Contracts and Accounts Receivable** - Receivables consist of grant, contract and other revenue earned and not yet received. An allowance for doubtful accounts is not deemed necessary by management as, historically, few balances have been written off.

**Cash** - The Organization maintains its cash in accounts at six commercial banks and one brokerage firm. As of September 30, 2019, all funds held in these accounts were insured by either the FDIC or SPIC.

**Investments** - The Organization carries investments in marketable securities with readily determinable fair values at their fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**Inventory** - The Organization's inventories, which are stated at cost, consist of items that are sold to help fund the programs and provide workforce training for residents.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Fixed Assets** - Fixed assets are recorded at cost or fair market value at time of donation and depreciated over estimated useful lives as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Buildings and improvements	Straight-line	5 - 39 years
Furniture and equipment	Accelerated and Straight-line	5 - 7 years
Vehicles	Straight-line	3 - 5 years

Various items of furniture and equipment were donated to the Organization for which no fair market value was available and accordingly have not been recorded on the books.

All acquisitions of property and equipment of \$5,000 or more are capitalized. Depreciation was \$174,483 and \$168,972 for the years ended September 30, 2019 and 2018, respectively.

**Statement of Cash Flows** - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**Donated Services** - The Organization pays for most services requiring specific expertise. However, a substantial number of hours have been contributed by unpaid volunteers to the various programs. These services are considered to add a dimension to the quality of program services over and above that which can be provided by salaried personnel. Donated services have not been reflected in the financial statements because they do not meet the criteria of FASB Accounting Standards Codification Topic 958 for recording in-kind donation of services.

**Donated Materials** - Donated materials are recorded as support at their estimated values at the date of receipt.

**Concentration of Revenue** - For the fiscal year ended September 30, 2019, the Organization received approximately 39% of its revenue from local, state, and federal agencies, through grant/contract agreements. Additionally, for the year ended September 30, 2019, approximately 16% of the revenues were from the Night for Hope and Healing fundraising event.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes** - The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Functional Allocation of Expenses** - The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include salaries and benefits, payroll taxes, information technology, depreciation, insurance, interest, miscellaneous, office supplies, repairs and maintenance, utilities and telephone which are allocated on the basis of estimates of time and effort. 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.

**Change in Accounting Principle** - FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

## 3. LIQUIDITY AND AVAILABILITY

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

Cash	\$	1,723,680
Contracts and accounts receivable		63,979
Investments		15,565
Less: donor-imposed restrictions		
Purpose		(89,256)
Time		(4,997)
Less: board designations		
Maintenance reserve		(26,397)
Operating reserve		<u>(250,000)</u>
Financial assets available to meet cash needs for expenditures within one year	\$	<u>1,432,574</u>

Management has a goal to maintain cash on hand to meet nine months of normal operating expenses and liabilities which are, on average, approximately \$1,113,000. Since the residents can stay at Lydia's House for up to two years, the goal of having cash on hand to meet expenses and liabilities for nine months is a longer period than for most not-for-profits.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board designated operating reserves could be made available if necessary.



#### 4. INVESTMENTS

Investments are stated at fair value and consist of the following:

	2019			2018		
	<u>COST</u>	<u>FAIR VALUE</u>	<u>UNREALIZED GAIN(LOSS)</u>	<u>COST</u>	<u>FAIR VALUE</u>	<u>UNREALIZED GAIN(LOSS)</u>
Corporate stocks	\$ 16,378	\$ 15,565	\$ (813)	\$ -	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1).

The following schedule summarizes the investment return included in the Statement of Activities for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Investment income	\$ 3,742	\$ 7
Realized gain (loss) on investments	(462)	(1,420)
	<u>\$ 3,280</u>	<u>\$ (1,413)</u>

#### 5. PROMISES TO GIVE

Unconditional promises to give at September 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 15,000	\$ 50,834
Receivable in one to five years	-	-
Total unconditional promises to give	<u>15,000</u>	<u>50,834</u>
Less: discounts to net present value	-	-
Net unconditional promises to give	<u>\$ 15,000</u>	<u>\$ 50,834</u>

The promises to give receivable has not been discounted to its net present value as management has deemed the amount to be immaterial to the financial statements.

#### 6. LINE OF CREDIT

The Organization had available at September 30, 2017 a line-of-credit with Midwest BankCentre, which bore interest at 4.50% per annum and matured April 23, 2018. The line of credit was not renewed when it matured. The Organization did not have any borrowings on the line in the years ended September 30, 2019 or 2018.

## 7. NOTES PAYABLE

Notes payable consists of:

	<u>2019</u>	<u>2018</u>
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.50% Maturity - April 23, 2024 Payments - \$2,169 per month, which includes principal and interest	\$ 141,704	\$ 160,763
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.25% Maturity - June 5, 2020 Payments - \$2,366 per month, which includes principal and interest	322,902	337,047
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.25% Maturity - June 20, 2021 Payments - \$1,712 per month, which includes principal and interest	244,736	254,503
TOTAL	\$ <u>709,342</u>	\$ <u>752,313</u>

Estimated maturities of the notes payable for the years ending September 30 are as follows:

2020	\$ 45,382
2021	563,316
2022	21,956
2023	22,964
2024	<u>55,724</u>
TOTAL	\$ <u>709,342</u>

## 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of September 30:

	<u>2019</u>	<u>2018</u>
Family support	\$ 67,290	\$ 67,702
Furniture, equipment, building renovations	21,966	33,662
General support - time	<u>4,997</u>	<u>18,182</u>
TOTAL NET ASSETS WITH DONORS RESTRICTIONS	\$ <u>94,253</u>	\$ <u>119,546</u>

## 9. BOARD DESIGNATED NET ASSETS

The board of directors has designated net assets for the following purposes as of September 30:

	<u>2019</u>	<u>2018</u>
Operations reserve	\$ 250,000	\$ 250,000
Repairs reserve	<u>26,397</u>	<u>26,397</u>
TOTAL NET ASSETS WITH BOARD DESIGNATIONS	<u>\$ 276,397</u>	<u>\$ 276,397</u>

## 10. RETIREMENT PLANS

The Organization's retirement plan, adopted as of January 1, 2016, is a defined contribution plan that provides for an employer contribution of 3% of an eligible employee's compensation. Eligibility begins in the fiscal year after the employee has worked in at least one of the preceding five years. Effective January 1, 2019, the Organization adopted a new plan which is a defined contribution plan that provides for an employer contribution of 3% of an eligible employee's compensation. Eligibility begins in the calendar year after the employee has worked at least one full year. Retirement plan expense for the years ended September 30, 2019 and 2018 was \$16,504 and \$14,175, respectively.

## 11. INCOME TAX

FASB Accounting Standards Codification Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the years ended September 30, 2019 and 2018, management believes there are no material uncertain tax positions. The Organization files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2015 are closed.

## 12. RECLASSIFICATION

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

## 13. SUBSEQUENT EVENTS

As of the date of the Independent Auditors' Report, the date the financial statements were available to be issued, no subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.

## **SUPPLEMENTAL INFORMATION**

**LYDIA'S HOUSE, INC.**  
**SCHEDULE OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 1,683,986
Investments	15,565
Receivables:	
Contracts	39,739
Promises to give	15,000
Accounts receivable	7,334
Prepaid expenses	39,915
Inventory	11,113
<b>TOTAL CURRENT ASSETS</b>	<u>1,812,652</u>

**FIXED ASSETS**

Land	524,887
Buildings and improvements	4,301,941
Furniture and equipment	62,798
Vehicles	107,198
Total Cost	<u>4,996,824</u>
Less: accumulated depreciation and amortization	<u>1,745,806</u>
<b>NET FIXED ASSETS</b>	<u>3,251,018</u>

**OTHER ASSETS**

Deposits	500
Member's capital contribution - Lydia's Ladle, LLC	100
Due from Lydia's Ladle	211,266
<b>TOTAL OTHER ASSETS</b>	<u>211,866</u>

<b>TOTAL ASSETS</b>	<u><u>\$ 5,275,536</u></u>
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See Independent Auditors' Report.

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Notes payable - amount due in one year	\$ 45,382
Accounts payable	16,928
Payroll taxes payable	134
Accrued expenses:	
Vacations	23,683
Salaries and wages	29,267
Retirement	2,405
Other	678
Deferred revenue	4,710
<b>TOTAL CURRENT LIABILITIES</b>	<u>123,187</u>

### LONG-TERM LIABILITIES

Notes payable	709,342
Less: amount due in one year	45,382
Less: loan fees, net of accumulated amortization	1,771
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>662,189</u>

**TOTAL LIABILITIES** 785,376

### NET ASSETS

Without donor restrictions:	
Undesignated	1,577,834
Invested in property and equipment, net of related debt	2,541,676
Board designated - operating reserve	250,000
Board designated - repairs	26,397
With donor restrictions	94,253
<b>TOTAL NET ASSETS</b>	<u>4,490,160</u>

**TOTAL LIABILITIES  
AND NET ASSETS** \$ 5,275,536

See Independent Auditors' Report.

**LYDIA'S HOUSE, INC.**  
**SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUES, GAINS AND SUPPORT</b>			
Government support	\$ 678,088	\$ 15,000	\$ 693,088
Contributions	498,340	122,536	620,876
Special events	351,186	-	351,186
Less: direct benefits to donors	(25,740)	-	(25,740)
Net income from special events	325,446	-	325,446
Interest and dividend income, net	4,567	-	4,567
In-kind contributions	43,750	-	43,750
Rental income	7,350	-	7,350
Miscellaneous	5,204	-	5,204
Net loss on sales of assets	(462)	-	(462)
Unrealized loss on investments	(813)	-	(813)
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	162,829	(162,829)	-
<b>TOTAL REVENUES, GAINS AND SUPPORT</b>	<b>1,724,299</b>	<b>(25,293)</b>	<b>1,699,006</b>
 <b>EXPENSES</b>			
Program	1,213,691	-	1,213,691
Management and general	85,307	-	85,307
Fundraising	308,518	-	308,518
<b>TOTAL EXPENSES</b>	<b>1,607,516</b>	<b>-</b>	<b>1,607,516</b>
 <b>CHANGE IN NET ASSETS</b>	 116,783	 (25,293)	 91,490
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 4,279,124	 119,546	 4,398,670
 <b>NET ASSETS - END OF YEAR</b>	 \$ 4,395,907	 \$ 94,253	 \$ 4,490,160

See Independent Auditors' Report.

**LYDIA'S HOUSE, INC.**

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 486,719	\$ 49,419	\$ 129,536	\$ 665,674
Payroll taxes and fringe benefits	117,229	8,481	18,421	144,131
Amortization	2,179	50	251	2,480
Assistance/aid	94,344	-	-	94,344
Bank and credit card fees	-	-	4,409	4,409
Continuing education and training	80	5,441	-	5,521
Depreciation	166,011	2,252	6,220	174,483
Dues and subscriptions	11,148	398	310	11,856
Equipment rental	2,705	259	741	3,705
Information technology	8,092	655	9,371	18,118
Insurance	31,649	1,996	2,813	36,458
Interest	30,146	617	2,850	33,613
Meetings	171	763	86	1,020
Mileage and parking	151	-	100	251
Miscellaneous	3,080	611	753	4,444
Postage	-	141	2,099	2,240
Printing	211	99	9,429	9,739
Professional fees	15,798	1,176	3,360	20,334
Repairs and maintenance	84,671	5,751	24,555	114,977
Retirement plan contributions	11,268	1,451	3,785	16,504
Security	1,240	-	-	1,240
Special events	-	-	102,004	102,004
Supplies and furnishings	12,419	542	801	13,762
Telephone	17,530	1,296	3,704	22,530
Travel	4,698	1,274	-	5,972
Utilities	97,421	2,165	8,660	108,246
Vehicle costs	14,731	470	-	15,201
TOTAL	<u>1,213,691</u>	<u>85,307</u>	<u>334,258</u>	<u>1,633,256</u>
Less direct benefits to donors expense included with revenues on the schedule of activities:	<u>-</u>	<u>-</u>	<u>(25,740)</u>	<u>(25,740)</u>
Total included in expenses on schedule of activities	<u>\$ 1,213,691</u>	<u>\$ 85,307</u>	<u>\$ 308,518</u>	<u>\$ 1,607,516</u>

See Independent Auditors' Report.



**LYDIA'S LADLE, LLC**  
SCHEDULE OF FINANCIAL POSITION  
SEPTEMBER 30, 2019

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 39,694
Accounts receivable	1,906
Inventory	3,811
<b>TOTAL ASSETS</b>	<u><u>\$ 45,411</u></u>

**LIABILITIES AND NET DEFICIT**

**CURRENT LIABILITIES**

Accounts payable	\$ 611
Payroll taxes payable	128
Accrued salaries and wages	1,117
<b>TOTAL CURRENT LIABILITIES</b>	<u><u>1,856</u></u>

**LONG-TERM LIABILITY**

Due to Lydia's House, Inc.	<u>211,266</u>
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<b>TOTAL LIABILITIES</b>	<u><u>213,122</u></u>
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**NET DEFICIT**

Member capital contribution	100
Deficit without donor restrictions	<u>(167,811)</u>
<b>TOTAL NET DEFICIT</b>	<u><u>(167,711)</u></u>

<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<u><u>\$ 45,411</u></u>
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See Independent Auditors' Report.

**LYDIA'S LADLE, LLC**  
**SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**REVENUES, GAINS AND SUPPORT**

Sales - food products	\$ 35,088
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**COST OF SALES**

Food costs	8,980
Packaging costs	7,160
Kitchen supplies and equipment	1,935
Repair and maintenance	299
Uniforms	3,944
Other	417
<b>TOTAL COST OF SALES</b>	<b>22,735</b>

GROSS PROFIT	12,353
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**EXPENSES**

Program	24,785
Management and general	2,990
Fundraising	2,777
<b>TOTAL EXPENSES</b>	<b>30,552</b>

<b>CHANGE IN NET DEFICIT WITHOUT DONOR RESTRCITIONS</b>	(18,199)
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<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR</b>	(149,612)
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<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	\$ (167,811)
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See Independent Auditors' Report.

***LYDIA'S LADLE, LLC***  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 22,687	\$ 2,538	\$ 2,538	\$ 27,763
Payroll taxes	2,098	239	239	2,576
Miscellaneous	-	213	-	213
TOTAL	<u>\$ 24,785</u>	<u>\$ 2,990</u>	<u>\$ 2,777</u>	<u>\$ 30,552</u>

See Independent Auditors' Report.