

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2023 AND 2022

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

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ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES
REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



Our Mission

*To provide shelter and affordable housing,
as well as advocacy and support services,
to homeless, battered and low-income women,
with or without children.*

Our Vision

*Abby's House empowers the
women we serve to lead self-directed lives
filled with dignity and hope.*

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES
REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

C O N T E N T S

	<i>Pages</i>
Independent Auditors’ Report.....	1 - 2
Consolidated Statements of Financial Position as of December 31, 2023 and 2022.....	3
Consolidated Statements of Activities for the Years Ended December 31, 2023 and 2022.....	4
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2023..... <i>(With Summarized Comparative Totals for 2022)</i>	5
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2022.....	6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2023 and 2022.....	7
Notes to Consolidated Financial Statements.....	8 - 30
 <i><u>Supplemental Consolidating Information:</u></i>	
Consolidating Statement of Financial Position as of December 31, 2023.....	31
Consolidating Statement of Financial Position as of December 31, 2022.....	32
Consolidating Statement of Activities for the Year Ended December 31, 2023.....	33
Consolidating Statement of Activities for the Year Ended December 31, 2022.....	34
Consolidating Statement of Functional Expenses for the Year Ended December 31, 2023.....	35
Consolidating Statement of Functional Expenses for the Year Ended December 31, 2022.....	36
Consolidating Statement of Cash Flows for the Year Ended December 31, 2023.....	37
Consolidating Statement of Cash Flows for the Year Ended December 31, 2022.....	38

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Abby Kelley Foster House, Inc. and Affiliates
Worcester, Massachusetts

Opinion

We have audited the accompanying consolidated financial statements of Abby Kelley Foster House, Inc. (a Massachusetts nonprofit organization) and Affiliates, which comprise the Consolidated Statements of Financial Position as of December 31, 2023 and 2022, and the related Consolidated Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Abby Kelley Foster House, Inc. and Affiliates as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of AKFH Renovations LLC, which statements reflect total assets of \$13,883,068 and \$14,181,617 as of December 31, 2023 and 2022, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those Affiliates, is based solely on the report of the other auditors.

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 Abby Kelley Foster House, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

To the Board of Directors
Abby Kelley Foster House, Inc. and Affiliates

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Abby Kelley Foster House, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Abby Kelley Foster House, Inc. and Affiliates' 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.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 31 - 38 are presented for purposes of additional analysis of the consolidated statements rather than to present the financial position changes in net assets and cash flows of the individual entities and it is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Consolidating Information, which insofar as it relates to AKFH Renovations LLC, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
May 8, 2024

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 1,091,311	\$ 3,170,579
Accounts and Other Receivables	14,082	17,133
Gifts, Grants and Pledges Receivable	19,500	129,500
Prepaid Expenses and Other Current Assets	39,163	43,799
Total Current Assets	<u>1,164,056</u>	<u>3,361,011</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>15,218,118</u>	<u>13,750,835</u>
<u>NON-CURRENT ASSETS:</u>		
Board Designated Reserves	990,707	1,347,803
Operational Capacity Building Funds	387,806	613,689
Shelter Renovation Funds	730,619	-
Abby's House Quasi-Endowment Fund	2,871,866	-
Beneficial Interest in Agency Fund	1,831,461	1,621,558
Reserve Funds Held in Escrow	509,686	501,911
Gifts, Grants and Pledges Receivable	72,000	24,000
Pre-Development Costs	-	112,243
Deferred Costs, Net	23,637	25,893
Total Non-Current Assets	<u>7,417,782</u>	<u>4,247,097</u>
<u>TOTAL ASSETS</u>	<u>\$ 23,799,956</u>	<u>\$ 21,358,943</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 32,711	\$ 35,744
Accounts Payable, Construction	669,193	50,897
Accrued Payroll and Related Costs	100,968	73,007
Tenant Security Deposits	11,976	10,956
Deferred Revenue	35,750	6,235
Total Current Liabilities	<u>850,598</u>	<u>176,839</u>
<u>LONG-TERM LIABILITIES:</u>		
Mortgage Notes Payable	8,364,323	8,246,562
Deferred Forgivable Debt	1,322,305	287,300
Total Long-Term Liabilities	<u>9,686,628</u>	<u>8,533,862</u>
<u>TOTAL LIABILITIES</u>	<u>10,537,226</u>	<u>8,710,701</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	6,140,150	5,375,150
Net Assets With Donor Restrictions	2,765,184	2,265,629
Total Net Assets - Abby's House	8,905,334	7,640,779
Non-Controlling Interest (MHIC)	4,357,396	5,007,463
Total Net Assets	<u>13,262,730</u>	<u>12,648,242</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 23,799,956</u>	<u>\$ 21,358,943</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Revenues:</i>						
Gifts, Grants and Contributions	\$ 1,251,113	\$ 975,162	\$ 2,226,275	\$ 1,564,177	\$ 174,388	\$ 1,738,565
Rental Income	710,536	-	710,536	636,333	-	636,333
Thrift Shop Donations	260,975	-	260,975	251,990	-	251,990
Donated Goods and Services	11,826	-	11,826	21,672	-	21,672
Special Fund Raising Event Proceeds	269,137	-	269,137	227,841	-	227,841
Investment Return	293,277	-	293,277	-	-	-
Interest Income	21,051	-	21,051	10,556	-	10,556
Change in Beneficial Interest in Agency Fund	-	274,903	274,903	-	(302,233)	(302,233)
Shelter Renovation Income	138,033	-	138,033	-	-	-
Other Income	47,325	-	47,325	40,315	-	40,315
Total Support and Revenues	<u>3,003,273</u>	<u>1,250,065</u>	<u>4,253,338</u>	<u>2,752,884</u>	<u>(127,845)</u>	<u>2,625,039</u>
<i>Reclassifications of Net Assets:</i>						
Net Assets Released from Donor Restrictions	<u>750,510</u>	<u>(750,510)</u>	<u>-</u>	<u>462,182</u>	<u>(462,182)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>3,753,783</u>	<u>499,555</u>	<u>4,253,338</u>	<u>3,215,066</u>	<u>(590,027)</u>	<u>2,625,039</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	3,024,718	-	3,024,718	2,574,973	-	2,574,973
Administrative	360,987	-	360,987	245,301	-	245,301
Fund Raising	253,145	-	253,145	189,983	-	189,983
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>3,638,850</u>	<u>-</u>	<u>3,638,850</u>	<u>3,010,257</u>	<u>-</u>	<u>3,010,257</u>
<u>CHANGE IN NET ASSETS</u>	114,933	499,555	614,488	204,809	(590,027)	(385,218)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>10,382,613</u>	<u>2,265,629</u>	<u>12,648,242</u>	<u>10,177,804</u>	<u>2,855,656</u>	<u>13,033,460</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 10,497,546</u>	<u>\$ 2,765,184</u>	<u>\$ 13,262,730</u>	<u>\$ 10,382,613</u>	<u>\$ 2,265,629</u>	<u>\$ 12,648,242</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Summarized Comparative Totals for 2022)

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>FUNCTIONAL EXPENSES</u>	
				<u>2023</u>	<u>2022</u>
Salaries and Wages	\$ 1,316,979	\$ 89,521	\$ 159,058	\$ 1,565,558	\$ 1,180,734
Payroll Taxes	117,909	7,868	13,980	139,757	103,528
Employee Benefits	133,752	10,066	17,885	161,703	94,527
Direct Client Assistance - Rental and Thrift Shop Subsidies	129,541	-	-	129,541	129,066
Program Supplies and Expenses	49,367	-	-	49,367	57,388
Costs of Fund Raising Events	-	-	11,969	11,969	9,193
Repairs and Maintenance	178,465	1,876	3,332	183,673	159,116
Utilities	221,112	-	-	221,112	168,178
Real Estate Taxes	29,885	-	-	29,885	31,540
Insurance	85,318	2,710	965	88,993	73,353
Accounting and Legal Expense	8,174	85,567	-	93,741	61,624
Other Professional Fees and Consultants	111,844	124,909	19,553	256,306	281,715
Office Supplies and Expenses	36,902	7,506	22,353	66,761	49,581
Staff Training, Travel and Related Expenses	28,188	935	1,661	30,784	17,246
Dues, Fees and Subscriptions	26,277	25,381	2,389	54,047	45,570
Depreciation and Amortization Expense	432,020	-	-	432,020	430,137
Interest Expense	117,761	-	-	117,761	117,761
Bad Debts	1,224	4,648	-	5,872	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 3,024,718</u>	<u>\$ 360,987</u>	<u>\$ 253,145</u>	<u>\$ 3,638,850</u>	<u>\$ 3,010,257</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 1,035,534	\$ 56,780	\$ 88,420	\$ 1,180,734
Payroll Taxes	91,113	4,855	7,560	103,528
Employee Benefits	81,688	5,021	7,818	94,527
Direct Client Assistance - Rental and Thrift Shop Subsidies	129,066	-	-	129,066
Program Supplies and Expenses	57,388	-	-	57,388
Costs of Fund Raising Events	-	-	9,193	9,193
Repairs and Maintenance	159,116	-	-	159,116
Utilities	168,178	-	-	168,178
Real Estate Taxes	31,540	-	-	31,540
Insurance	70,123	2,474	756	73,353
Accounting and Legal Expense	470	61,154	-	61,624
Other Professional Fees and Consultants	133,608	84,407	63,700	281,715
Office Supplies and Expenses	30,832	7,762	10,987	49,581
Staff Training, Travel and Related Expenses	13,176	2,521	1,549	17,246
Dues, Fees and Subscriptions	25,243	20,327	-	45,570
Depreciation and Amortization Expense	430,137	-	-	430,137
Interest Expense	117,761	-	-	117,761
Total Functional Expenses	<u>\$ 2,574,973</u>	<u>\$ 245,301</u>	<u>\$ 189,983</u>	<u>\$ 3,010,257</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 614,488	\$ (385,218)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Contributions Restricted for Shelter Renovations	(772,088)	-
Forgiveness of Advances from Affiliates	-	6,573
Depreciation and Amortization Expense	432,020	430,137
Accrued Interest	117,761	117,761
Investment Return	(293,277)	-
Change in Fair Value of Beneficial Interest	(274,903)	302,233
Distribution from Beneficial Interest	65,000	85,000
<i>(Increase) Decrease in Current Assets:</i>		
Accounts and Other Receivables	(11,198)	(8,441)
Gifts, Grants and Pledges Receivable	110,000	(77,500)
Prepaid Expenses and Other Current Assets	9,501	23,441
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	11,216	(21,411)
Accrued Payroll and Related Costs	27,961	8,529
Tenant Security Deposits	1,020	139
Deferred Revenue	29,515	6,235
<i>(Increase) Decrease in Non-Current Assets:</i>		
Gifts, Grants and Pledges Receivable	12,000	12,000
Net Adjustment	<u>(535,472)</u>	<u>884,696</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>79,016</u>	<u>499,478</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Transfers from Investments and Reserves	107,680	-
Transfers to Investments and Reserves	(3,422,000)	-
Contribution to Beneficial Interest in Agency Fund	-	(7,500)
Cash Outlay for Pre-Development Costs	(1,162,026)	(32,290)
Acquisition of Property and Equipment	(4,482)	(28,690)
Net Cash Flows Used by Investing Activities	<u>(4,480,828)</u>	<u>(68,480)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Loan Proceeds - Shelter Renovation Financing	1,035,005	-
Proceeds from Capital Campaign Pledges and Grants	712,088	-
Net Cash Flows from Financing Activities	<u>1,747,093</u>	<u>-</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(2,654,719)</u>	<u>430,998</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>5,644,271</u>	<u>5,213,273</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 2,989,552</u>	<u>\$ 5,644,271</u>
 <i>Non-Cash Financing Transactions:</i>		
Accounts Payable, Construction	<u>\$ 669,193</u>	<u>\$ 50,987</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION AND AFFILIATES

Abby Kelley Foster House, Inc.:

Abby Kelley Foster House, Inc. (“Abby’s House” or the “Organization”) was incorporated in 1976 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). Abby Kelley Foster House, Inc. has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes. In 2017, in connection with a major facility capital renovation project, Abby’s House established the following entities in order to receive and transfer federal and state tax credits.

AKFH Renovations MM LLC:

AKFH Renovations MM LLC (“the Managing Member”) was established as a Massachusetts Limited Liability Company pursuant to Chapter 156C of the Massachusetts General Laws on March 24, 2017. The Managing Member is a tax-exempt controlled entity as defined in IRC Section 168, owned 50% by Abby’s House and 50% by Main South Community Development Corporation (“Main South”), an unrelated Massachusetts charitable nonprofit corporation, as a Non-Voting Member. Abby’s House serves as the General Partner of the Managing Member. Pursuant to IRC Section 168, the Managing Member elected to be taxed as a corporation.

AKFH Renovations LLC:

On March 24, 2017, the Managing Member established AKFH Renovations LLC (“the LLC”) also organized as a Massachusetts Limited Liability Company pursuant to Chapter 156C of the Massachusetts General Laws. On December 28, 2017, the Managing Member admitted Massachusetts Housing Equity Fund XXIII LLC (“MHIC”) as the Investor Member. On that date, MHIC acquired a 99.99% interest in the LLC with capital contributions further detailed in Note 8. The term of the LLC shall continue until December 31, 2067 unless sooner dissolved or terminated in accordance with the provisions of the operating agreement.

NOTE 2 PROGRAM SERVICES

Overview

Since 1976, Abby’s House has been effectively responding to one of the most basic and fundamental human needs - a safe place to stay. Abby’s House provides a warm, welcoming, and safe place for women who are homeless due to lack of safe, affordable housing, domestic violence, economic instability, or unemployment.

Abby’s House annually serves hundreds of women, providing them with shelter, housing, and advocacy. Our immediate goal is to “to answer the door, one knock at a time” for women, with and without children, who need safe or stable housing. We provide women with tangible skills, access to services, and emotional support to actively mitigate the issues which led to them becoming unhoused and to help them maintain stable housing. Our advocacy lays the foundation for residents and guests to make independent choices for themselves and lead self-directed lives filled with dignity and hope. This model has helped more than 15,500 women to succeed over the last 45 years.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 2 *(Continued)*

Programs

Shelter, housing, and women's services programs operate year-round, seven days per week and 24 hours per day. We have an on-call system in place to address any issues that may arise during non-traditional office hours.

Overnight Shelter:

Staffed by an Associate Director of Shelter Operations, a dedicated Shelter Advocate, and overnight staff, Abby's House's overnight shelter provides women, with and without children, with safe shelter. Operations are also supported by a team of regular volunteers. Intensive case management is provided by the Shelter Advocate which focuses on helping guests build a plan to address their immediate needs. We assist them in finding and securing long-term, stable housing—either in Abby's House supportive housing or elsewhere; this may include helping them to access residential programs, such as inpatient substance abuse treatment programs, when further stabilization is required in transitioning towards permanent housing.

Abby's House is currently undergoing renovation of the shelter building located at 21-23 Crown Street in Worcester; this began in July of 2023. The renovation will improve the structural integrity of the building, making it fully accessible and will expand the shelter from a congregate setting with five rooms and 9 beds to a non-congregate shelter with 13 rooms and 18 beds. Increased living spaces, a dedicated staff office, and two apartments will enhance the capacity to meet the needs of the community that we serve.

Supportive Housing:

Abby's House is Worcester's largest provider of supportive housing specifically designed to meet the needs of women and children. We meet the needs of working women who cannot afford market-rate rent and our options also allow those who are on SSI or SSDI to live safely and comfortably. Abby's House has three buildings which collectively provide seven two-bedroom apartments and 72 single room occupancy housing units. In 2019, Abby's House completed the renovation of 52 High Street, a century-old building, and our largest property of supportive housing. The renovation added two units of housing, bringing the total count to 56. Our HVAC, electrical, plumbing, and security systems were updated and increased accessibility was made possible by a reconfigured entrance, elevator, and accessible kitchens and bedrooms. The renovation preserved this critically needed housing for decades to come.

Women's Services:

The Women's Services team is supported by frontline advocates/case managers who empower women to identify realistic goals and provide the tools needed to achieve them. Individualized services allow us to work with each woman, given her own specific set of circumstances. Advocates help our shelter guests and residents access the services and resources they need to survive and thrive by working consistently with local social service and government agencies. Our goal is to create a system of seamless service provision, support women with the sometimes-daunting task of matching needs with existing resources and assist them with accessing those services. In 2023, we added a Women's Services Clinician to our team to better address the mental health needs of our residents and guests; the clinician offers individual support sessions, clinical care coordination, as well as therapeutic group programming in our Women's Empowerment Center.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 2 *(Continued)*

Referral Services:

We receive a minimum of 20 - 25 calls, emails, or in-person visits per week from women seeking help and provide them with education that empowers them to access needed resources. We provide information and referrals to external agencies that offer a range of supports, including but not limited to domestic violence services, nutrition and income assistance, education, employment, financial literacy, parenting supports, medical services, government-assisted permanent housing, and legal assistance. Developing and maintaining positive working relationships with local professionals and organizations in other areas of human services is vital for effective referrals. These relationships enable staff to maintain up-to-date and accurate information about available services in the community to help women reach their goals.

Annette Rafferty Women's Empowerment Center:

Current and past residents and guests are welcome to participate in the Annette Rafferty Women's Empowerment Center (Women's Center) programs offered at Abby's House. Women's Center activities include weekly nutritious meals, holiday celebrations, a food pantry, computer access, and other educational and social activities based on women's interests and volunteer availability. The camaraderie that is built through the Women's Center provides a sense of community and stability in women's lives.

Thrift Shop:

Abby's House Thrift Shop is managed by two staff members and over 40 volunteers who ensure the needs of women in the community are met by offering gently used clothing and household items at affordable prices. Each week we receive items from dedicated supporters. Volunteers and staff sort items and provide a safe, affordable, and comfortable place for our residents and shelter guests to shop. In addition to providing clothing vouchers to the women who reside at Abby's House, we are also able to offer clothing vouchers to women from over 25 agencies who work with women in need. All proceeds from the Thrift Shop support the mission of Abby's House. The Shop is currently open Monday, Tuesday, Wednesday, and Thursday from 10 am - 3 pm and Saturdays 10 am - 1 pm.

Annette Rafferty Survive to Thrive (ARST) Fund:

Through a collaborative application process involving residents or shelter guests and their advocates, the ARST Fund provides emergency funding to cover tangible expenses like medical and dental needs. This fund also helps to break the cycle of poverty by providing financial support to residents and shelter guests for education or vocational training with the goal of helping them to become financially self-sufficient. Additionally, funds are used to support the escalating costs of obtaining permanent and stable housing including first, last and security payments required for moving into an apartment.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The consolidated financial statements of the Abby Kelley Foster House, Inc. and Affiliates have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles ("GAAP") and accordingly, reflect all significant receivables, payables and other liabilities.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Principles of Consolidation:

The accompanying consolidated financial statements incorporate the accounts of the following entities (collectively "the Organizations"):

- Abby Kelley Foster House, Inc.
- AKFH Renovations MM LLC
- AKFH Renovations LLC

As the General Partner of the LLC and the Managing Member, Abby's House is considered to hold both a financial interest in and control over these entities and, therefore, is required to consolidate their activities within the accompanying consolidated financial statements.

The interest owned by the unaffiliated members or limited partners is referred to in the accompanying consolidated financial statements as the *Non-Controlling Interest* and represents the Investor Member's proportionate share of equity and net results from operations. For the years presented, MHIC and Main South represent the *Non-Controlling Interest*, with all equity and capital attributed to MHIC.

Except as otherwise specified in the partnership agreements, all items of income, expense, gain, loss, tax credits and cash are allocated to the partners based upon their ownership percentage. All material inter-affiliated accounts and transactions are eliminated in the consolidated financial statements.

Fair Value of Financial Instruments:

The Organizations report their fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organizations have access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organizations' consolidated financial statements is the recurring measurement of its beneficial interest in an agency fund and its investments.

Financial Statement Presentation:

The Organizations report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2023 and 2022, the Organizations have no net assets that are required to be maintained in perpetuity. The Organizations' unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Cash and Reserve Accounts:

Cash held for long-term purposes, including capital projects, is classified as non-current within the Consolidated Statements of Financial Position. Cash set aside or designated as reserve funds are classified in accordance with the underlying intentions, restrictions and purposes. The following table provides a reconciliation of cash and restricted cash reported within the Consolidated Statements of Financial Position to the sum of the corresponding amounts within the Consolidated Statements of Cash Flows for the years presented:

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

<u>Cash Composition</u>	<u>2023</u>	<u>2022</u>
Cash	\$1,091,311	\$3,170,579
Board Designated Operating, Building and Capital Asset Reserves	504,976	1,347,803
Shelter Renovation Funds	730,619	-
Operational Capacity Building Funds	137,806	613,689
Operating Reserve (Held in Escrow)	356,652	351,211
Replacement Reserve (Held in Escrow)	153,034	150,700
Tenant Security Deposits (Other Current Assets)	<u>15,154</u>	<u>10,289</u>
Total	<u>\$2,989,552</u>	<u>\$5,644,271</u>

Operating Reserve

In accordance with the provisions of the Operating Agreement, the LLC is required to fund an operating reserve of \$350,000. This funding may be adjusted annually per the terms of the Operating Agreement to comply with the requirement to maintain an “Operating Reserve Minimum”, as defined in the Operating Agreement. The reserve may be used from time to time by the Managing Member to eliminate operating deficits, if any, occurring in the operating of the 52 High Street property.

Replacement Reserve

The LLC is required by its Operating Agreement to establish and maintain a replacement reserve, which is to be used to fund capital improvements and repairs to the property at 52 High Street. The current financial forecast requires the LLC to make minimum annual deposits of \$22,400 to the fund, which is subject to adjustment by the Lenders. The required deposit for the year ended December 31, 2023 was made on February 28, 2024, subsequent to year end.

Receivables:

Accounts and Other Receivables primarily represents amounts due from tenants for rent along with other reimbursements due.

Gifts, Grants and Pledges Receivable reflects the balance due on unconditional promises to give. Receivables are reported at net realizable value and classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Grants and pledges receivable for the shelter renovation project are classified as non-current, regardless of due date. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. As of December 31, 2023 and 2022, all non-current grants receivable were due within two and three years, respectively.

Management periodically reviews receivables to determine if any balances are uncollectible. The allowance for uncollectible receivables is determined based on historical collection experience and a review of the current status of tenant accounts receivable. Management believes that all receivables are fully collectible; accordingly, these financial statements do not contain a provision for uncollectible accounts. For the years presented, the Organizations did not report any losses on unpaid commitments. Bad Debt Expense reflects rental fees that were deemed uncollectible and written off in 2023.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$5,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

Depreciation of property and equipment is computed using the straight-line method and is charged against support and revenues over the following estimated useful lives of the assets, as expressed in terms of years.

<u>Description</u>	<u>Est. Life</u>
Buildings	39 - 40
Building Improvements	5 - 40
Leasehold Improvements	10
Furnishings	5 - 7
Equipment	7

The Organizations review their investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the years presented.

Investments:

Abby's House maintains an investment portfolio which includes money market funds, equity securities, bond funds and U.S. Treasury Notes that are reported at fair value. Investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment return (loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments are classified as short or long-term depending upon the nature of the investments and the intentions of management. In the accompanying consolidated financial statements, short-term liquidity and operating reserve funds are classified as current assets, while the board designated endowment and building and capital asset reserve funds are classified as long-term within non-current assets.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 *(Continued)*

In 2023, Abby's House established a board designated endowment fund, known as the Abby's House Quasi-Endowment Fund ("the Fund"), as further discussed in Note 8. In establishing the Fund, the Board of Directors adopted an Investment Policy Statement which serves as a means by which to create alignment with the mission, the objectives and the policies of Abby's House. The investment policy establishes objectives, guidelines and eligible securities for the Fund's investment portfolio as well as policies and procedures for oversight and ongoing management of the Fund. The Fund has a long-term investment horizon. The primary investment objectives of the Fund are to:

- Preserve the long-term, real purchasing power of the Fund after inflation, costs, and spending.
- Maximize the Fund's risk-adjusted returns.
- Minimize risk through appropriate diversification and asset allocation, which is roughly 60% equities and 40% fixed income.
- Provide a stable, predictable source of liquidity and financial support.
- Control administration and management costs of the Fund's investments.

Initially, the Board of Directors approved appropriations equal to 4% of the amount originally invested to establish the Fund. Beginning on December 31, 2024, the Fund will follow its spending policy rate of 4% of the average value of the portfolio assets at the end of each of the previous eight rolling quarters. The Fund will make use of the total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains and proceeds from the sale of investments. The spending policy will be reviewed annually by the Investment Committee.

Beneficial Interest in Assets Held By Others:

The Organizations' beneficial interest in an agency fund held by the Greater Worcester Community Foundation ("GWCF") is recognized as an asset in the accompanying Consolidated Statements of Financial Position. For the years presented, the beneficial interest in the fund is classified as a Level 3 financial instrument within the fair value hierarchy and has been measured at fair value on a recurring basis. The fair value of the Organizations' beneficial interest in the agency fund is based on a percentage interest in the agency fund's fair value as represented by the fund's management. Changes in the fair value of the beneficial interest in the agency fund are recognized in the Organizations' Consolidated Statement of Activities. Distributions received from the fund are recorded as decreases in the beneficial interest *(See Note 6)*.

Leases:

The Organizations determine if an arrangement is a lease at inception. When applicable, operating and finance leases are included in lease right-of-use ("ROU") assets, other current liabilities, and lease liabilities in the Consolidated Statements of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, using the weighted average discount rate.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

The ROU asset includes any lease payments made and excludes lease incentives. The Organizations have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organizations will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Abby's House has applied the standards to its operating lease with the LLC, which has been eliminated, along with the rental income and expense, in the accompanying consolidated financial statements.

Abby's House has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. For the years presented, the Organizations did not have any short-term leases.

Additionally, the LLC elected and applied the following practical expedients on the adoption date:

- The package of practical expedients permitting the LLC to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The LLC accounted for its existing operating leases with residential tenants of the property as operating leases. Adopting ASU 2016-02 in accounting for residential tenant leases did not result in adjustments to the consolidated financial statements.

Pre-Development Costs:

As further discussed in Note 4, Abby's House has raised funds and secured financing to renovate the Organization's shelter facility in Worcester. Through June 2023, Abby's House was in the Pre-Development Phase of this project. During this phase of the project, the costs are carried as *Pre-Development Costs* in the Consolidated Statements of Financial Position. As of December 31, 2022, *Pre-Development Costs* consisted of Real Estate Development Consultants, Architectural, Legal and Engineering Fees, and related costs. Construction commenced in July 2023, at which time, these accumulated costs were reclassified as *Construction in Progress* and are reported within property and equipment. Once the assets are placed in service, the costs will be reclassified to their proper asset category and depreciated over their appropriate useful life.

Deferred Costs:

Deferred costs are represented by tax credit fees in the original amount of \$33,783, which are amortized on a straight-line basis over the 15-year compliance period. These deferred costs are presented net of accumulated amortization of \$10,146 and \$7,890 as of December 31, 2023 and 2022, respectively. For each year presented, amortization expense was \$2,256. The amortization expense for the next five-year period is expected to be \$2,252 per year.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Debt Issuance Costs:

Debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset. Accordingly, costs incurred in connection with debt issuance are deferred and amortized over the life of the respective debt. Amortization of debt issuance costs is reported as a component of *Interest Expense* and is computed using an imputed interest rate on the related loan.

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions.

Revenue Recognition:

The Organizations' primary program revenue sources are rental income and income from its thrift shop sales. *Rental Income* consists of funds received from tenants and external subsidies and is recognized when earned based upon occupancy dates. Rent payments received in advance are classified as deferred revenue, a contract liability, until earned. The Organizations' rental rates are considered below-market rental rates. The difference between the market rates that could be charged for the square-footage and the actual rates charged is recognized as a subsidy and reported within *Direct Client Assistance - Rental and Thrift Shop Subsidies* in the accompanying Consolidated Statement of Functional Expenses. *Thrift Shop Donations* results from the sale of donated clothing and goods. The revenue recognized is considered to represent the fair value of the donated goods and is considered to be contributed revenue.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Shelter Renovation Income:

As part of the shelter renovation project, Abby's House will receive compensation for its overhead and oversight of the project in the form of a Developer Overhead fee. The total budgeted Developer Overhead is \$276,067, of which amount 50%, or \$138,034, was received at the construction and finance closing, while the remaining overhead payment is submitted to the project funders for reimbursement over the course of the construction. Abby's House will recognize the revenue from the Developer Overhead as an exchange transaction, and ratably over the expected term of the renovation project, presently a 12-month period of July 2023 through June 2024. Accordingly, Abby's House has recognized revenue equal to six months of overhead, or 50% of the total, which is reported in the accompanying Consolidated Statement of Activities as *Shelter Renovation Income*. Amounts received in advance of recognition are reported as *Deferred Revenue*, a contract liability, in the accompanying Consolidated Statements of Financial Position, in the amount of \$27,607 as of December 31, 2023. In addition to the Developer Overhead, the renovation budget has a provision for a Developer Fee of up to \$276,067, which is payable upon completion of the project, after all required documentation has been submitted to EOHLC, as stipulated in the loan agreement, and subject to available funding.

Donations of Nonfinancial Assets:

Contributed nonfinancial assets include donated professional services, equipment, gift cards, clothing and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Abby's House relies heavily upon volunteer involvement in direct service, thrift shop operations and administrative capacities. Abby's House also relies upon donations from the general public of program supplies, materials, clothing, food and personal items for program participants.

Functional Expenses:

The Organizations allocate their expenses on a functional basis among its various programs and support services. Expenses that are common to several functions are allocated according to time and space usage. In the accompanying Consolidated Statement of Functional Expenses, *Salaries and Wages*, *Payroll Taxes* and *Employee Benefits* have been allocated based upon management's estimates of time usage by functional category, while the costs associated with facilities (*Repairs and Maintenance*, *Utilities*, *Insurance*, *Depreciation and Amortization Expense*, and *Real Estate Taxes*) are allocated based upon square footage formulas as derived from the usage of the underlying assets. Supporting services are those related to operating and managing Abby Kelley Foster House, Inc. and Affiliates and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Abby Kelley Foster House, Inc. and Affiliates' internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Abby Kelley Foster House, Inc. and Affiliates' programs. Fund raising expenses also includes the costs of special fund raising events.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Tax Position:

The Organizations currently evaluate all tax positions and make a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by Abby's House are the lack of Unrelated Business Income Tax and its tax-exempt status under IRC Section 501(c)(3) and the fact that changes may result from the closing of the statute of limitations on tax returns, new legislation, and clarification of existing legislation through government pronouncements, the courts, and through the examination process.

AKFH Renovations LLC is taxed as a partnership and files a U.S. Return of Partnership Income, which indicates the share of items to be reported on each members' income tax return. AKFH Renovations MM LLC is taxed as a corporation and files a U.S. Corporation Income Tax Return. For the years presented, there was no taxable income reported. As a result, no provision for income taxes is required in the accompanying consolidated financial statements.

For the years presented, the Organizations have not recognized any tax benefits or loss contingencies for uncertain tax positions based on these evaluations.

Recent Accounting Guidance:

Recently Implemented Standards

On September 17, 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency in reporting gifts-in-kind in the Organizations' consolidated financial statements. This standard was adopted by Abby's House effective January 1, 2022. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard was adopted by the Organization and the LLC effective January 1, 2022. All applicable accounts related to the lease between Abby's House and the LLC are eliminated in consolidation; therefore, the implementation of this standard had no impact on the opening net assets of the Organizations as of January 1, 2022.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 4 PROPERTY AND EQUIPMENT

Property and Equipment consists of land and land improvements, buildings and associated improvements, furnishings, fixtures, appliances, and equipment. The following is a summary of property and equipment as of December 31, 2023 and 2022:

<u>Asset Category</u>	<u>2023</u>	<u>2022</u>
Land	\$ 569,681	\$ 569,681
Land Improvements	147,843	147,843
Buildings and Improvements	15,301,379	15,301,379
Leasehold Improvements	28,690	28,690
Furnishings, Fixtures, and Equipment	<u>414,068</u>	<u>409,586</u>
Total Property and Equipment in Service	16,461,661	16,457,179
Less: Accumulated Depreciation	<u>(3,136,108)</u>	<u>(2,706,344)</u>
Subtotal	13,325,553	13,750,835
Construction in Progress	<u>1,892,565</u>	<u>-</u>
Property and Equipment, Net	<u>\$15,218,118</u>	<u>\$13,750,835</u>

Depreciation Expense for the years ended December 31, 2023 and 2022 was \$429,764 and \$427,881, respectively.

Shelter Renovation Project:

Abby Kelley Foster House, Inc. has owned the building that currently serves as a shelter for over 40 years and has maintained it over the years through operating funds. The structure is a historic brick building that is experiencing structural challenges that need an infusion of capital funds to repair properly. The COVID-19 pandemic has also highlighted the challenges of the congregate shelter model. The renovations will allow Abby's House to move to a non-congregate shelter model. The repairs will also upgrade the shelter in the following ways:

- Create an accessible path into the shelter for residents and guests by adding a ramp
- Reorganize common spaces for enhanced service delivery
- Add a small 6-foot addition to the rear of the building to address structural concerns located within the building
- Repair and repoint failing brick work on the building façade
- Bring fresh air into the building through a new HVAC system which will provide a more efficient heating and cooling system for the building
- Reorganize the parking at the shelter for a more efficient use of space
- Expand the number of shelter bedrooms from 5 to 13 and tailor bedrooms to meet the specific needs of families and individuals

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 4 *(Continued)*

Abby's House received financing commitments totaling \$4.5 million from the Massachusetts Executive Office of Housing and Livable Communities ("EOHLC") and the City of Worcester. The total development budget is projected at \$5.2 million, with the balance funded by Abby's House. Abby's House entered into a construction contract with Allegrone Construction Company in the amount of \$3,323,688, including approved change orders through December 31, 2023. Construction commenced in July 2023, with the renovations scheduled for completion in June 2024.

NOTE 5 INVESTMENTS

During 2023, Abby's House established an investment portfolio which is professionally managed and guided by a formal investment policy. As of December 31, 2023, the investment portfolio consisted of the following balances:

	<u>December 31, 2023</u>			
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Investments
Exchange-Traded Funds:				
Equities	\$ 264,846	\$ 264,846	\$ -	\$ 264,846
Fixed Income	1,017,682	1,017,682	-	1,017,682
Mutual Funds:				
Equity Funds	1,410,654	1,410,654	-	1,410,654
Bond Funds	92,773	92,773	-	92,773
U.S. Treasury Notes	309,899	-	309,899	309,899
Cash and Cash Equivalents	-	-	-	511,743
Total Investments	<u>\$3,095,854</u>	<u>\$2,785,955</u>	<u>\$309,899</u>	<u>\$3,607,597</u>

Investments consist of the following funds and classifications as of December 31, 2023:

<u>Investment Classification</u>	<u>Amount</u>
Board Designated Reserves	\$ 485,731
Operational Capacity Building Funds	250,000
Abby's House Quasi-Endowment Fund	<u>2,871,866</u>
Total Investments	<u>\$3,607,597</u>

Abby's House uses the following methods to determine the fair value of investments:

Mutual Funds, Exchange-Traded Funds and Common Stock: Traded on national securities exchanges and are determined by the published closing price on the last business day of the fiscal year.

U.S. Treasury Notes: U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 6 BENEFICIAL INTEREST IN AGENCY FUND

The estimated value of funds held by GWCF on behalf of Abby’s House was \$1,831,461 and \$1,621,558 as of December 31, 2023 and 2022, respectively. Abby’s House contributes to this fund which may be used for future programs or capital needs. In addition, it is the hope of Abby’s House that other individuals will contribute to the fund. The nature of the agency fund agreement grants variance power, or control, to GWCF, which gives GWCF the ultimate authority over the fund and the income derived therefrom. Abby’s House retains a beneficial interest in the agency fund held by the GWCF, the assets of which are not in the possession of Abby’s House; however, Abby’s House has legally enforceable rights and claims to the earnings on such assets. Upon request by Abby’s House, and subject to the approval of the GWCF, income from the fund is distributed to Abby’s House. Abby’s House may also request distributions of the principal, subject to an application and approval process. Based upon the agreement with GWCF, the funds are reported as net assets with donor restrictions in the accompanying consolidated financial statements.

The following schedule summarizes the changes in Abby’s House’s beneficial interest, valued using Level 3 inputs, for the years presented:

	<u>2023</u>	<u>2022</u>
Beneficial Interest - Beginning of Year	\$1,621,558	\$2,001,291
Contributions to the Fund	-	7,500
Distributions from the Fund	(65,000)	(85,000)
Investment Income (Loss)	299,046	(279,086)
Investment Management Fees	<u>(24,143)</u>	<u>(23,147)</u>
Beneficial Interest - End of Year	<u>\$1,831,461</u>	<u>\$1,621,558</u>

As of December 31, 2023, the composition of the agency fund investments are as follows:

<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Equities	65.5%
Fixed Income	28.0%
Alternatives	5.9%
Cash/Cash Equivalents	<u>0.6%</u>
Total	<u>100.0%</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 7 DEBT

77 Chatham Street, Worcester:

Community Economic Development Assistance Corporation (“CEDAC”):

On January 25, 1996, the Organization received a mortgage in the amount of \$147,300 under the Housing Innovations Fund II program, as funded by the EOHLC (formerly Massachusetts Department of Housing and Community Development (“DHCD”)) and administered by CEDAC. The original terms of the note provided that simple interest would accrue at the annual rate of 5% for a 20-year period, while the note has a 30-year term, and is due on January 25, 2026. The note was amended to a 0% interest rate, retroactive to the initial loan date. The note is secured by the above property. CEDAC has the option to extend the note for additional 10-year terms, provided that the project remains in compliance with the affordable housing regulations. If at any time before the loan maturity date the project’s annual cash flow exceeds 1.05 of the annual cash expenses, including debt coverage requirements, the excess cash flow would be due and payable to CEDAC within 45 days of the end of each calendar year.

City and State HOME Funds:

On November 14, 1995, the City of Worcester, through its Office of Planning and Community Development, loaned \$70,000 for the acquisition and renovation of the property located at 77 Chatham Street. The Commonwealth of Massachusetts, through its Executive Office of Communities and Development, provided matching funds with an additional loan of \$70,000 to the project. The total loan amount of \$140,000 is funded by the U.S. Department of Housing and Urban Development (“HUD”) under the HOME Program which requires a deed restriction for the affordable housing regulations. The debt is structured as an interest-free loan with no payments due for 40 years, maturing on November 14, 2035, at which time the balance is due in full. The note would also become payable in full upon the sale or complete refinancing of the property. The note is secured by a mortgage and security agreement on the property and is subordinate to the mortgage held by CEDAC.

52 High Street, Worcester:

In 2019, Abby’s House completed a major renovation project on a residential and program/office facility. The total renovation costs were \$16.8 million and was funded by long-term deferred debt, bond proceeds and proceeds from federal and state tax credits. The construction phase was funded by the bond proceeds, capital campaign contributions and additional permanent long-term deferred financing through the Commonwealth of Massachusetts and the City of Worcester. AKFH Renovations LLC received \$11,422,992 in the aggregate in capital contributions from the equity investment in federal low-income housing tax credits and federal historic tax credits and as subordinate loans from the sale of state low-income housing tax credits and state historic tax credits, which sources were used to repay the bond and construction bridge loans. The following significant debt and related agreements have been executed in connection with this project.

MassDocs:

MassDocs is an agency that coordinates the funding programs of four state agencies. AKFH Renovations LLC has entered into the following loan agreements which are administered by EOHLC (formerly DHCD) for itself and as agent for CEDAC and the City of Worcester. The following table summarizes the balances due as of December 31, 2023 and 2022.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 7 *(Continued)*

<u>Funding Source</u>	<u>Balance</u>
CEDAC - Housing Innovations Fund	\$1,890,136
CEDAC - Facilities Consolidation Fund	472,534
City of Worcester - HOME Program	550,000
DHCD - Housing Trust Fund	<u>500,000</u>
Total	<u>\$3,412,670</u>

The promissory notes are non-interest bearing and have maturity dates of February 28, 2049 and 2059. Each of the above loans are secured by a shared second priority mortgage lien on the property. All outstanding balances are due on the maturity date.

Neighborhood of Affordable Housing, Inc. (“NOAH”):

AKFH Renovations LLC received a binding commitment from the Massachusetts Department of Housing and Community Development (“DHCD”) for an allotment of its 2019 Massachusetts Low-Income Housing Tax Credits. In addition, the Massachusetts Historical Commission awarded Massachusetts Historic Rehabilitation tax credits. Management initially estimated that the sale of the State Low-Income Housing Tax Credits and the State Historic Tax Credits would generate aggregate net sale proceeds of approximately \$4 million. In accordance with the provisions of the Amended and Restated Operating Agreement of AKFH Renovations LLC, AKFH Renovations LLC allocated 100% of the State Low-Income Housing Tax Credits and the State Historic Tax Credits to its managing member, AKFH Renovations MM LLC (the “Managing Member” or “Donor”). On December 28, 2017, the Managing Member, as the Donor, and Neighborhood of Affordable Housing, Inc., as Donee (the “Donee”) entered into the Charitable Donation and Transfer Agreements pursuant to which agreements, the Managing Member agreed to donate, and the Donee agreed to accept the donation of, the State Low-Income Housing Tax Credits and the State Historic Tax Credits. Pursuant to these arrangements, the Donee sold the State Low-Income Housing Tax Credits and the State Historic Tax Credits to private buyers identified in the Purchase and Transfer Agreements entered into as of December 28, 2017.

In 2019, AKFH Renovations LLC received two loans from NOAH, an unrelated charitable organization, in the aggregate amount of \$4,460,625 which were sourced from the proceeds of the sale of the state low-income housing tax credits and the state historic tax credits. The loans are secured by a shared fourth priority mortgage lien, accrue interest at the applicable federal rate (2.64%), payable to the extent of available cash flow, and mature on December 31, 2057. For each of the years ended December 31, 2023 and 2022, interest expense in the amount of \$117,761 was accrued on these loans with accumulated accrued interest totaling \$491,028 and \$373,267 at each respective year end.

21 - 23 Crown Street:

MassDocs:

In connection with the Crown Street shelter renovation project, Abby’s House secured financing through EOHLA, administered by the Massachusetts Housing Finance Agency and CEDAC under the Affordable Housing Trust Fund (“AHTF”) and the Housing Innovations Fund (“HIF”). The promissory notes are dated July 21, 2023, are noninterest bearing, and mature on June 21, 2054, unless extended. The approved borrowing amounts are \$1,795,006 on the AHTF loan and \$2,000,000 on the HIF loan. As of December 31, 2023, \$677,069 was borrowed and outstanding on the AHTF loan.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 7 (Continued)

City of Worcester:

The City of Worcester, through its Executive Office of Economic Development Housing Division, approved financing in the amount of \$750,000, which is also noninterest bearing and matures on June 21, 2054, unless renewed. The loan proceeds are funded by the American Rescue Plan Act (“ARPA”). As of December 31, 2023, \$358,566 was borrowed and outstanding.

Each of the above obligations is secured by a mortgage on the underlying property which stipulates that the property must comply with affordable housing regulations.

As of December 31, 2023 and 2022, *Mortgage Notes Payable* (including accrued interest) consists of the following obligations:

<u>Debt Obligation</u>	<u>2023</u>	<u>2022</u>
CEDAC Permanent Loans	\$3,412,670	\$3,412,670
NOAH	<u>4,951,653</u>	<u>4,833,892</u>
Total	<u>\$8,364,323</u>	<u>\$8,246,562</u>

NOTE 8 RESTRICTED AND DESIGNATED NET ASSETS

Net Assets With Donor Restrictions:

Net assets with donor restrictions consists of unexpended donor designated grants and contributions with the following restrictions as of December 31, 2023 and 2022:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Beneficial Interest in Agency Fund	\$1,831,461	\$1,621,557
Shelter Renovation	779,991	30,000
Operational Capacity Building	71,316	514,615
Housing, Shelter Program and Other	35,856	16,221
ARST Fund	22,560	12,236
Time Restricted	<u>24,000</u>	<u>71,000</u>
Total	<u>\$2,765,184</u>	<u>\$2,265,629</u>

Net assets released from donor restrictions by incurring expenses which satisfied the restricted purposes or by occurrence of events specified by the donors were as follows:

<u>Nature of Restriction</u>	<u>2023</u>	<u>2022</u>
Operational Capacity Building	\$443,299	\$188,822
Housing and Shelter Program	162,085	103,727
Distribution from Agency Fund	65,000	85,000
Lapse of Time Restrictions	47,000	12,000
Shelter Renovation	22,097	59,938
ARST Fund	<u>11,029</u>	<u>12,695</u>
Total	<u>\$750,510</u>	<u>\$462,182</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 8 *(Continued)*

Board Designated Net Assets:

The Board of Directors of Abby’s House established an *Operating Reserve Fund* and a *Building and Capital Asset Reserves Fund*. The *Operating Reserve Fund*, having a target minimum balance to cover 6 - 9 months of operating expenses, was intended to provide an internal source of funds for special and unique situations such as unanticipated costs, loss of funding or uninsured loss. The *Building and Capital Asset Reserves Fund* was intended to provide a ready source of funds for repair or acquisition of buildings, leaseholds, furniture, fixtures and equipment necessary for the effective operation of Abby’s House and its programs. The target amount of the *Building and Capital Asset Reserves Fund* was intended to be, at a minimum, one year of the average annual provision for depreciation. In 2023, the Board of Directors restructured its reserves and established investment portfolios for short-term liquidity reserves and a new Board Designated Endowment Fund, known as the Abby’s House Quasi-Endowment Fund (“the Fund”).

The Short-Term Cash Reserves Fund was initially funded with \$250,000 from the Operational Capacity Building Fund and \$480,000 from operating cash, totaling \$730,000.

The Fund was established with reserve funds and operating cash and an initial deposit of \$2,692,000 with the following activity through December 31, 2023.

	<u>Without Donor Restrictions</u>
Endowment Net Assets, January 1, 2023	\$ -
Amounts Designated for Endowment	2,717,450
Investment Return	262,096
Appropriated for Operations	<u>(107,680)</u>
Endowment Net Assets, December 31, 2023	<u>\$2,871,866</u>

Equity Transactions:

Federal Historic and Low-Income Tax Credits

As discussed in Note 1, pursuant to the First Amended and Restated Operating Agreement of AKFH Renovations LLC, AKFH Renovations MM LLC as the Managing Member, admitted Massachusetts Housing Equity Fund XXIII LLC (“MHIC”) as the Investor Member for purposes of allocating the federal tax credits in exchange for capital contributions. Together, these tax credits generated an equity investment from MHIC in the aggregate amount of \$7,176,731 before syndication costs and other transactional fees.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 9 RENTAL INCOME

Abby's House operates 77 units of affordable housing serving low-income women and children. The following table summarizes the components of rental income for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Rental Income	\$ 710,536	\$ 636,333
Less: Rental Subsidies	<u>(123,933)</u>	<u>(114,654)</u>
Actual Rent Received	<u>\$ 586,603</u>	<u>\$ 521,679</u>

NOTE 10 SPECIAL FUND RAISING EVENTS

Abby's House sponsors special fund raising events to generate contributions as well as gain public awareness for its programs and charitable mission. In the years presented, these events included *Abby's House 5K* and *Springtacular*. These events were held virtually in 2022. The results of the fund raising events are summarized below:

	<u>2023</u>	<u>2022</u>
Contributions and Sponsorships	\$238,397	\$200,280
Auction Proceeds	<u>30,740</u>	<u>27,561</u>
Total Event Proceeds	269,137	227,841
Less: Event Costs	<u>(11,969)</u>	<u>(9,193)</u>
Net Special Event Proceeds	<u>\$257,168</u>	<u>\$218,648</u>

NOTE 11 DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following donated goods and services in the accompanying consolidated financial statements:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Gift Cards	\$11,826	\$18,447
Professional Services	<u>-</u>	<u>3,225</u>
Total	<u>\$11,826</u>	<u>\$21,672</u>

Gift cards are provided by individuals to be used by program participants. Gift cards are recognized at the face value of the card.

Contributed professional services are provided by a consulting firm who provide the Organization's employees with diversity and inclusion education and training. Contributions of professional services are recognized at fair value based on current rates for similar services.

Abby's House accepts contributions of personal items and clothing which are sold in the Thrift Shop. The proceeds from the sale of these items are recognized as revenue in the year sold and recorded as *Thrift Shop Donations* in the accompanying Consolidated Statement of Activities.

All gifts in-kind received for the years presented were unrestricted.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 11 (Continued)

Volunteers are an integral component of Abby's House program services. Volunteers provide staffing services at the Shelter and Thrift Shop which would otherwise be paid positions. Although extensive, these donations do not meet the recognition criteria, and therefore, the related contribution is not reflected in the accompanying consolidated financial statements.

NOTE 12 RETIREMENT PLAN

Abby Kelley Foster House, Inc. maintains a 403(b) retirement savings plan covering all eligible employees. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation by investing in mutual funds. The Organization may vote to make discretionary contributions to the participating employee accounts. The Organization did not make any employer contributions to the plan for the years presented.

NOTE 13 CONCENTRATIONS

Cash Balances:

The Organizations are subject to concentrations in credit risk relating primarily to cash balances. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") under the applicable limits. The Organizations had \$1,162,775 and \$4,004,840 in excess of federally insured and other limits as of December 31, 2023 and 2022, respectively, however, Management has not experienced any losses with respect to its bank balances in excess of FDIC insurance limits.

Accounts Payable, Construction:

Amounts payable to Allegrone Construction Co., Inc., the general contractor of the Shelter renovation project, account for 95% of the *Accounts Payable, Construction* balance as of December 31, 2023. No such concentrations exist as of December 31, 2022.

Gifts, Grants and Contributions:

As of December 31, 2023, 35% of *Gifts, Grants, and Contributions* were restricted for the Shelter renovation project. As of December 31, 2022, no such concentrations exist.

NOTE 14 CONTINGENCIES

Deed Restrictions:

Each of the mortgage obligations disclosed in Note 7 imposes a deed restriction on the use of the residential facilities located in Worcester, Massachusetts. The purpose of the deed restrictions are to assure the government that the premises will be retained as affordable housing for occupancy by low and very low-income families. The deed restrictions apply to all owners of the property without regard to early repayment of debt. Noncompliance with the affordable housing provisions of the various debt instruments may result in default.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 14 *(Continued)*

Regulatory Compliance:

The property located at 52 High Street, owned by the LLC, has qualified for and been allocated low-income housing credits pursuant to IRC Section 42, which regulates the use of the property as to occupant eligibility and unit gross rent, among other requirements. The property must meet the provisions of these regulations during each of the 15 consecutive years following completion in order to remain qualified to receive the tax credits. In addition, the LLC will execute an Extended Use Agreement which extends the compliance period to 30 years. The LLC's failure to maintain compliance with these regulations could result in a recapture of previously taken tax credits plus interest and reduced capital investment by the Investor Member of the LLC. In addition, as disclosed in Note 8, this property qualified for and received federal and state historic tax credits in 2019, which are subject to recapture during the five-year period following the completion of the rehabilitation.

Guaranty:

Abby's House has unconditionally guaranteed to MHIC responsibility for operating deficits, and other funding shortfalls as further detailed in a Sponsors' Guaranty and Agreement dated December 28, 2017.

Employee Retention Tax Credit:

The Employee Retention Tax Credit ("ERTC") was introduced by the U.S. CARES Act in 2020 and is a refundable tax credit against certain employment taxes. As of December 31, 2023, Abby's House had met the qualifications necessary to apply for \$96,429 under the employee retention tax credit program. In light of recent developments and IRS scrutiny on such claims, Management considers the ultimate collectability of the tax credit to be uncertain and, therefore, has not recognized revenue and corresponding amounts due within the accompanying consolidated financial statements. Abby's House has conservatively decided to recognize the benefit upon receipt of the refund.

NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organizations' working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts of contributions and a concentration of contributions received near calendar year end. To manage liquidity, the Organizations maintain various sources of liquidity at its disposal, including cash and cash equivalents, cash reserves and escrow accounts. As part of the Organizations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organizations are funded primarily through donations and rents received throughout the year.

The following table reflects the Organizations' financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, such as beneficial interests, or because the governing board has set aside the funds for a specific contingency reserve or other long-term purposes. Additionally, Abby's House has Board-Designated reserve funds that, while management does not intend to spend these funds within the next year, these amounts could be made available for current operations, if necessary (*See Note 8*).

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(Continued)

NOTE 15 (Continued)

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 2,989,552	\$ 5,644,271
Beneficial Interest in Agency Fund	1,831,461	1,621,558
Investments	3,607,597	-
Accounts and Other Receivables	14,082	17,133
Gifts, Grants and Pledges Receivable	<u>91,500</u>	<u>153,500</u>
Total Financial Assets as of December 31	8,534,192	7,436,462
Less Amounts Not Available to be Used Within One Year:		
Board Designated Reserve Funds	(990,707)	(1,347,803)
Shelter Renovation Funds	(730,619)	-
Endowment Funds	(2,871,866)	-
Beneficial Interest in Agency Fund	(1,831,461)	(1,621,558)
Operational Capacity Building Funds	-	(613,689)
Reserve Funds Held In Escrow	(509,686)	(501,911)
Grants Receivable After One Year	(12,000)	(24,000)
Grants Receivable for Shelter Renovation Project	(60,000)	-
Tenant Security Deposits	<u>(15,154)</u>	<u>(10,289)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,512,699</u>	<u>\$ 3,317,212</u>

NOTE 16 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the consolidated financial statements. Therefore, Management has evaluated subsequent events through May 8, 2024, the date which the consolidated financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

	<u>ABBY'S</u> <u>HOUSE</u>	<u>AKFH</u> <u>LLC</u>	<u>AKFH</u> <u>MM LLC</u>	<u>ELIMIN-</u> <u>ATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and Cash Equivalents	\$ 724,070	\$ 367,241	\$ -	\$ -	\$ 1,091,311
Accounts and Other Receivables	10,391	61,038	100	(57,447)	14,082
Due From Affiliates	65,080	5,651	-	(70,731)	-
Gifts, Grants and Pledges Receivable	19,500	-	-	-	19,500
Prepaid Expenses and Other Current Assets	20,867	18,296	-	-	39,163
Total Current Assets	<u>839,908</u>	<u>452,226</u>	<u>100</u>	<u>(128,178)</u>	<u>1,164,056</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>2,314,948</u>	<u>13,831,652</u>	<u>-</u>	<u>(928,482)</u>	<u>15,218,118</u>
<u>NON-CURRENT ASSETS:</u>					
Board Designated Reserves	990,707	-	-	-	990,707
Operational Capacity Building Funds	387,806	-	-	-	387,806
Shelter Renovation Funds	730,619	-	-	-	730,619
Abby's House Quasi-Endowment Fund	2,871,866	-	-	-	2,871,866
Beneficial Interest in Agency Fund	1,831,461	-	-	-	1,831,461
Reserve Funds Held in Escrow	-	509,686	-	-	509,686
Notes Receivable from Affiliate	2,153,456	-	-	(2,153,456)	-
Gifts, Grants and Pledges Receivable	72,000	-	-	-	72,000
Operating Right-of-Use Asset	535,222	-	-	(535,222)	-
Deferred Costs, Net	-	23,637	-	-	23,637
Investment in Subsidiary	-	-	100	(100)	-
Total Non-Current Assets	<u>9,573,137</u>	<u>533,323</u>	<u>100</u>	<u>(2,688,778)</u>	<u>7,417,782</u>
<u>TOTAL ASSETS</u>	<u>\$ 12,727,993</u>	<u>\$ 14,817,201</u>	<u>\$ 200</u>	<u>\$ (3,745,438)</u>	<u>\$ 23,799,956</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 16,763	\$ 16,048	\$ -	\$ (100)	\$ 32,711
Accounts Payable, Construction	669,193	-	-	-	669,193
Accrued Payroll and Related Costs	100,968	-	-	-	100,968
Tenant Security Deposits	-	11,976	-	-	11,976
Deferred Revenue	29,609	6,141	-	-	35,750
Due to Affiliates	57,347	65,080	5,651	(128,078)	-
Total Current Liabilities	<u>873,880</u>	<u>99,245</u>	<u>5,651</u>	<u>(128,178)</u>	<u>850,598</u>
<u>LONG-TERM LIABILITIES:</u>					
Mortgage Notes Payable	-	10,517,779	-	(2,153,456)	8,364,323
Operating Lease Liability	551,635	-	-	(551,635)	-
Deferred Forgivable Debt	1,322,305	-	-	-	1,322,305
Total Long-Term Liabilities	<u>1,873,940</u>	<u>10,517,779</u>	<u>-</u>	<u>(2,705,091)</u>	<u>9,686,628</u>
<u>TOTAL LIABILITIES</u>	<u>2,747,820</u>	<u>10,617,024</u>	<u>5,651</u>	<u>(2,833,269)</u>	<u>10,537,226</u>
<u>NET ASSETS:</u>					
Net Assets Without Donor Restrictions	7,214,989	-	(5,451)	(1,069,388)	6,140,150
Net Assets With Donor Restrictions	2,765,184	-	-	-	2,765,184
Total Net Assets - Abby's House	9,980,173	-	(5,451)	(1,069,388)	8,905,334
Non-Controlling Interest (MHIC)	-	4,200,177	-	157,219	4,357,396
Total Net Assets	<u>9,980,173</u>	<u>4,200,177</u>	<u>(5,451)</u>	<u>(912,169)</u>	<u>13,262,730</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 12,727,993</u>	<u>\$ 14,817,201</u>	<u>\$ 200</u>	<u>\$ (3,745,438)</u>	<u>\$ 23,799,956</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	<u>ABBY'S</u> <u>HOUSE</u>	<u>AKFH</u> <u>LLC</u>	<u>AKFH</u> <u>MM LLC</u>	<u>ELIMIN-</u> <u>ATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,878,986	\$ 291,593	\$ -	\$ -	\$ 3,170,579
Accounts and Other Receivables	7,876	52,355	100	(43,198)	17,133
Due From Affiliates	20,954	5,195	-	(26,149)	-
Gifts, Grants and Pledges Receivable	129,500	-	-	-	129,500
Prepaid Expenses and Other Current Assets	19,600	24,199	-	-	43,799
Total Current Assets	<u>3,056,916</u>	<u>373,342</u>	<u>100</u>	<u>(69,347)</u>	<u>3,361,011</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>465,169</u>	<u>14,239,796</u>	<u>-</u>	<u>(954,130)</u>	<u>13,750,835</u>
<u>NON-CURRENT ASSETS:</u>					
Board Designated Reserves	1,347,803	-	-	-	1,347,803
Operational Capacity Building Funds	613,689	-	-	-	613,689
Beneficial Interest in Agency Fund	1,621,558	-	-	-	1,621,558
Reserve Funds Held in Escrow	-	501,911	-	-	501,911
Notes Receivable from Affiliate	2,102,635	-	-	(2,102,635)	-
Gifts, Grants and Pledges Receivable	24,000	-	-	-	24,000
Pre-Development Costs	112,243	-	-	-	112,243
Operating Right-of-Use Asset	584,197	-	-	(584,197)	-
Deferred Costs, Net	-	25,893	-	-	25,893
Investment in Subsidiary	-	-	100	(100)	-
Total Non-Current Assets	<u>6,406,125</u>	<u>527,804</u>	<u>100</u>	<u>(2,686,932)</u>	<u>4,247,097</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,928,210</u>	<u>\$ 15,140,942</u>	<u>\$ 200</u>	<u>\$ (3,710,409)</u>	<u>\$ 21,358,943</u>
<u>LIABILITIES AND NET ASSETS</u>					
<u>CURRENT LIABILITIES:</u>					
Accounts Payable and Accrued Expenses	\$ 26,976	\$ 8,868	\$ -	\$ (100)	\$ 35,744
Accounts Payable, Construction	50,897	-	-	-	50,897
Accrued Payroll and Related Costs	73,007	-	-	-	73,007
Tenant Security Deposits	-	10,956	-	-	10,956
Deferred Revenue	2,467	3,768	-	-	6,235
Due to Affiliates	43,098	20,954	5,195	(69,247)	-
Total Current Liabilities	<u>196,445</u>	<u>44,546</u>	<u>5,195</u>	<u>(69,347)</u>	<u>176,839</u>
<u>LONG-TERM LIABILITIES:</u>					
Mortgage Notes Payable	-	10,349,197	-	(2,102,635)	8,246,562
Operating Lease Liability	593,138	-	-	(593,138)	-
Deferred Forgivable Debt	287,300	-	-	-	287,300
Total Long-Term Liabilities	<u>880,438</u>	<u>10,349,197</u>	<u>-</u>	<u>(2,695,773)</u>	<u>8,533,862</u>
<u>TOTAL LIABILITIES</u>	<u>1,076,883</u>	<u>10,393,743</u>	<u>5,195</u>	<u>(2,765,120)</u>	<u>8,710,701</u>
<u>NET ASSETS:</u>					
Net Assets Without Donor Restrictions	6,585,698	-	(4,995)	(1,205,553)	5,375,150
Net Assets With Donor Restrictions	2,265,629	-	-	-	2,265,629
Total Net Assets - Abby's House	8,851,327	-	(4,995)	(1,205,553)	7,640,779
Non-Controlling Interest (MHIC)	-	4,747,199	-	260,264	5,007,463
Total Net Assets	<u>8,851,327</u>	<u>4,747,199</u>	<u>(4,995)</u>	<u>(945,289)</u>	<u>12,648,242</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 9,928,210</u>	<u>\$ 15,140,942</u>	<u>\$ 200</u>	<u>\$ (3,710,409)</u>	<u>\$ 21,358,943</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>ABBY'S</u> <u>HOUSE</u>	<u>AKFH</u> <u>LLC</u>	<u>AKFH</u> <u>MM LLC</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>SUPPORT AND REVENUES:</u>					
Gifts, Grants and Contributions	\$ 2,226,275	\$ -	\$ -	\$ -	\$ 2,226,275
Rental Income	268,513	549,786	-	(107,763)	710,536
Thrift Shop Donations	260,975	-	-	-	260,975
Donated Goods and Services	11,826	-	-	-	11,826
Special Fund Raising Event Proceeds	269,137	-	-	-	269,137
Investment Return	293,277	-	-	-	293,277
Interest Income	64,082	7,790	-	(50,821)	21,051
Change in Beneficial Interest in Agency Fund	274,903	-	-	-	274,903
Shelter Renovation Income	138,033	-	-	-	138,033
Other Income	69,969	45,618	-	(68,262)	47,325
<u>TOTAL SUPPORT AND REVENUES</u>	<u>3,876,990</u>	<u>603,194</u>	<u>-</u>	<u>(226,846)</u>	<u>4,253,338</u>
<u>FUNCTIONAL EXPENSES:</u>					
Program Services	2,198,399	1,061,273	-	(234,954)	3,024,718
Administrative	296,600	88,943	456	(25,012)	360,987
Fund Raising	253,145	-	-	-	253,145
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>2,748,144</u>	<u>1,150,216</u>	<u>456</u>	<u>(259,966)</u>	<u>3,638,850</u>
<u>CHANGE IN NET ASSETS</u>	<u>1,128,846</u>	<u>(547,022)</u>	<u>(456)</u>	<u>33,120</u>	<u>614,488</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>8,851,327</u>	<u>4,747,199</u>	<u>(4,995)</u>	<u>(945,289)</u>	<u>12,648,242</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 9,980,173</u>	<u>\$ 4,200,177</u>	<u>\$ (5,451)</u>	<u>\$ (912,169)</u>	<u>\$ 13,262,730</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>ABBY'S</u> <u>HOUSE</u>	<u>AKFH</u> <u>LLC</u>	<u>AKFH</u> <u>MM LLC</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>SUPPORT AND REVENUES:</u>					
Gifts, Grants and Contributions	\$ 1,738,565	\$ -	\$ -	\$ -	\$ 1,738,565
Rental Income	242,338	486,040	-	(92,045)	636,333
Thrift Shop Donations	251,990	-	-	-	251,990
Donated Goods and Services	21,672	-	-	-	21,672
Special Fund Raising Event Proceeds	227,841	-	-	-	227,841
Interest Income	59,873	286	-	(49,603)	10,556
Change in Beneficial Interest in Agency Fund	(302,233)	-	-	-	(302,233)
Other Income	<u>59,340</u>	<u>40,315</u>	<u>-</u>	<u>(59,340)</u>	<u>40,315</u>
<u>TOTAL SUPPORT AND REVENUES</u>	<u>2,299,386</u>	<u>526,641</u>	<u>-</u>	<u>(200,988)</u>	<u>2,625,039</u>
<u>FUNCTIONAL EXPENSES:</u>					
Program Services	1,801,042	987,793	-	(213,862)	2,574,973
Administrative	191,939	74,621	456	(21,715)	245,301
Fund Raising	<u>189,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,983</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>2,182,964</u>	<u>1,062,414</u>	<u>456</u>	<u>(235,577)</u>	<u>3,010,257</u>
<u>CHANGE IN NET ASSETS</u>	116,422	(535,773)	(456)	34,589	(385,218)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>8,734,905</u>	<u>5,282,972</u>	<u>(4,539)</u>	<u>(979,878)</u>	<u>13,033,460</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 8,851,327</u>	<u>\$ 4,747,199</u>	<u>\$ (4,995)</u>	<u>\$ (945,289)</u>	<u>\$ 12,648,242</u>

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>ABBY KELLEY FOSTER HOUSE</u>				<u>AKFH LLC & AKFH MM LLC</u>			<u>ELIMIN- ATIONS</u>	<u>CONSOLIDATED FUNCTIONAL EXPENSES</u>
	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>TOTAL</u>		
Salaries and Wages	\$ 1,193,652	\$ 89,521	\$ 159,058	\$ 1,442,231	\$ 123,327	\$ -	\$ 123,327	\$ -	\$ 1,565,558
Payroll Taxes	104,547	7,868	13,980	126,395	13,362	-	13,362	-	139,757
Employee Benefits	133,752	10,066	17,885	161,703	-	-	-	-	161,703
Direct Client Assistance	129,541	-	-	129,541	-	-	-	-	129,541
Program Supplies and Expenses	49,367	-	-	49,367	-	-	-	-	49,367
Costs of Fund Raising Events	-	-	11,969	11,969	-	-	-	-	11,969
Repairs and Maintenance	87,893	1,876	3,332	93,101	90,572	-	90,572	-	183,673
Rent and Utilities	202,132	-	-	202,132	134,215	-	134,215	(115,235)	221,112
Real Estate Taxes	-	-	-	-	29,885	-	29,885	-	29,885
Insurance	44,363	2,710	965	48,038	40,955	-	40,955	-	88,993
Accounting and Legal Expense	8,174	33,900	-	42,074	-	51,667	51,667	-	93,741
Other Professional Fees and Consultants	105,119	124,909	19,553	249,581	49,975	25,012	74,987	(68,262)	256,306
Office Supplies and Expenses	36,902	2,033	22,353	61,288	-	5,473	5,473	-	66,761
Staff Training, Travel and Related Expense	28,188	935	1,661	30,784	-	-	-	-	30,784
Dues, Fees and Subscriptions	26,277	22,782	2,389	51,448	-	2,599	2,599	-	54,047
Depreciation and Amortization Expense	47,268	-	-	47,268	410,400	-	410,400	(25,648)	432,020
Interest Expense	-	-	-	-	168,582	-	168,582	(50,821)	117,761
Bad Debts	1,224	-	-	1,224	-	4,648	4,648	-	5,872
Total Functional Expenses	\$ 2,198,399	\$ 296,600	\$ 253,145	\$ 2,748,144	\$ 1,061,273	\$ 89,399	\$ 1,150,672	\$ (259,966)	\$ 3,638,850

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>ABBY KELLEY FOSTER HOUSE</u>				<u>AKFH LLC & AKFH MM LLC</u>			<u>CONSOLIDATED</u>	
	<u>PROGRAM SERVICES</u>	<u>ADMINISTRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>ADMINISTRATIVE</u>	<u>TOTAL</u>	<u>ELIMINATIONS</u>	<u>FUNCTIONAL EXPENSES</u>
Salaries and Wages	\$ 923,848	\$ 56,780	\$ 88,420	\$ 1,069,048	\$ 111,686	\$ -	\$ 111,686	\$ -	\$ 1,180,734
Payroll Taxes	78,992	4,855	7,560	91,407	12,121	-	12,121	-	103,528
Employee Benefits	81,688	5,021	7,818	94,527	-	-	-	-	94,527
Direct Client Assistance	129,066	-	-	129,066	-	-	-	-	129,066
Program Supplies and Expenses	57,388	-	-	57,388	37,625	-	37,625	(37,625)	57,388
Costs of Fund Raising Events	-	-	9,193	9,193	-	-	-	-	9,193
Repairs and Maintenance	79,359	-	-	79,359	79,757	-	79,757	-	159,116
Rent and Utilities	168,231	-	-	168,231	100,933	-	100,933	(100,986)	168,178
Real Estate Taxes	-	-	-	-	31,540	-	31,540	-	31,540
Insurance	33,756	2,474	756	36,986	36,367	-	36,367	-	73,353
Accounting and Legal Expense	470	31,980	-	32,450	-	29,174	29,174	-	61,624
Other Professional Fees and Consultants	133,608	68,424	63,700	265,732	-	37,698	37,698	(21,715)	281,715
Office Supplies and Expenses	30,832	1,895	10,987	43,714	-	5,867	5,867	-	49,581
Staff Training, Travel and Related Expenses	13,176	2,396	1,549	17,121	-	125	125	-	17,246
Dues, Fees and Subscriptions	25,243	18,114	-	43,357	-	2,213	2,213	-	45,570
Depreciation and Amortization Expense	45,385	-	-	45,385	410,400	-	410,400	(25,648)	430,137
Interest Expense	-	-	-	-	167,364	-	167,364	(49,603)	117,761
Total Functional Expenses	\$ 1,801,042	\$ 191,939	\$ 189,983	\$ 2,182,964	\$ 987,793	\$ 75,077	\$ 1,062,870	\$ (235,577)	\$ 3,010,257

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>ABBY'S</u>	<u>AKFH</u>	<u>AKFH</u>	<u>ELIMIN-</u>	<u>CONSOLIDATED</u>
	<u>HOUSE</u>	<u>LLC</u>	<u>MM LLC</u>	<u>ATIONS</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Change in Net Assets	\$ 1,128,846	\$ (547,022)	\$ (456)	\$ 33,120	\$ 614,488
<i>Adjustments to Reconcile the Above to Net Cash</i>					
<i>Provided (Used) by Operating Activities:</i>					
Contributions Restricted for Shelter Renovation	(772,088)	-	-	-	(772,088)
Depreciation and Amortization Expense	47,268	410,400	-	(25,648)	432,020
Accrued Interest	(50,821)	168,582	-	-	117,761
Investment Return	(293,277)	-	-	-	(293,277)
Change in Fair Value of Beneficial Interest	(274,903)	-	-	-	(274,903)
Distribution from Beneficial Interest	65,000	-	-	-	65,000
Noncash Lease Adjustments	7,472	-	-	(7,472)	-
<i>(Increase) Decrease in Current Assets:</i>					
Accounts and Other Receivables	(2,515)	(8,683)	-	-	(11,198)
Gifts, Grants and Pledges Receivable	110,000	-	-	-	110,000
Prepaid Expenses and Other Current Assets	(1,267)	10,768	-	-	9,501
<i>Increase (Decrease) in Current Liabilities:</i>					
Accounts Payable and Accrued Expenses	4,036	7,180	-	-	11,216
Accrued Payroll and Related Costs	27,961	-	-	-	27,961
Tenant Security Deposits	-	1,020	-	-	1,020
Deferred Revenue	27,142	2,373	-	-	29,515
<i>(Increase) Decrease in Non-Current Assets:</i>					
Gifts, Grants and Pledges Receivable	12,000	-	-	-	12,000
Net Adjustment	<u>(1,093,992)</u>	<u>591,640</u>	<u>-</u>	<u>(33,120)</u>	<u>(535,472)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>34,854</u>	<u>44,618</u>	<u>(456)</u>	<u>-</u>	<u>79,016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Transfers from Investments and Reserves	107,680	-	-	-	107,680
Transfers to Investments and Reserves	(3,422,000)	-	-	-	(3,422,000)
Cash Outlay for Shelter Renovation Project	(1,162,026)	-	-	-	(1,162,026)
Acquisition of Property and Equipment	<u>(4,482)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,482)</u>
Net Cash Flows Used by Investing Activities	<u>(4,480,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,480,828)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>					
Loan Proceeds - Shelter Renovation Financing	1,035,005	-	-	-	1,035,005
Proceeds from Capital Campaign Pledges and Grants	712,088	-	-	-	712,088
Due to/from Affiliates	<u>(44,126)</u>	<u>43,670</u>	<u>456</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>1,702,967</u>	<u>43,670</u>	<u>456</u>	<u>-</u>	<u>1,747,093</u>
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(2,743,007)</u>	<u>88,288</u>	<u>-</u>	<u>-</u>	<u>(2,654,719)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>4,840,478</u>	<u>803,793</u>	<u>-</u>	<u>-</u>	<u>5,644,271</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 2,097,471</u>	<u>\$ 892,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,989,552</u>
<i>Cash Balances :</i>					
Cash and Cash Equivalents	\$ 724,070	\$ 367,241	\$ -	\$ -	\$ 1,091,311
Board Designated Reserves	504,976	-	-	-	504,976
Cash Held for Capital Projects	868,425	-	-	-	868,425
Reserve Funds Held in Escrow	-	509,686	-	-	509,686
Tenant Security Deposits	<u>-</u>	<u>15,154</u>	<u>-</u>	<u>-</u>	<u>15,154</u>
Total	<u>\$ 2,097,471</u>	<u>\$ 892,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,989,552</u>
<i>Non-Cash Financing Transactions :</i>					
Accounts Payable, Construction	\$ 669,193	\$ -	\$ -	\$ -	\$ 669,193

ABBY KELLEY FOSTER HOUSE, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>ABBY'S</u> <u>HOUSE</u>	<u>AKFH</u> <u>LLC</u>	<u>AKFH</u> <u>MM LLC</u>	<u>ELIMIN-</u> <u>ATIONS</u>	<u>CONSOLIDATED</u> <u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Change in Net Assets	\$ 116,422	\$ (535,773)	\$ (456)	\$ 34,589	\$ (385,218)
<i>Adjustments to Reconcile the Above to Net Cash</i> <i>Provided (Used) by Operating Activities:</i>					
Forgiveness of Advances from Affiliates	6,573	-	-	-	6,573
Depreciation and Amortization Expense	45,385	410,400	-	(25,648)	430,137
Accrued Interest	(49,603)	167,364	-	-	117,761
Change in Fair Value of Beneficial Interest	302,233	-	-	-	302,233
Distribution from Beneficial Interest	85,000	-	-	-	85,000
Noncash Lease Adjustments	8,941	-	-	(8,941)	-
<i>(Increase) Decrease in Current Assets:</i>					
Accounts and Other Receivables	(3,316)	(5,125)	-	-	(8,441)
Gifts, Grants and Pledges Receivable	(77,500)	-	-	-	(77,500)
Prepaid Expenses and Other Current Assets	12,674	10,767	-	-	23,441
<i>Increase (Decrease) in Current Liabilities:</i>					
Accounts Payable and Accrued Expenses	(17,438)	(3,973)	-	-	(21,411)
Accrued Payroll and Related Costs	8,529	-	-	-	8,529
Tenant Security Deposits	-	139	-	-	139
Deferred Revenue	2,467	3,768	-	-	6,235
<i>(Increase) Decrease in Non-Current Assets:</i>					
Gifts, Grants and Pledges Receivable	12,000	-	-	-	12,000
Net Adjustment	335,945	583,340	-	(34,589)	884,696
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>452,367</u>	<u>47,567</u>	<u>(456)</u>	<u>-</u>	<u>499,478</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Contribution to Beneficial Interest in Agency Fund	(7,500)	-	-	-	(7,500)
Cash Outlay for Shelter Renovation Project	(32,290)	-	-	-	(32,290)
Acquisition of Property and Equipment	(28,690)	-	-	-	(28,690)
Net Cash Flows Used by Investing Activities	(68,480)	-	-	-	(68,480)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>					
Due to/from Affiliates	(2,105)	1,649	456	-	-
Net Cash Flows from Financing Activities	(2,105)	1,649	456	-	-
<u>NET INCREASE IN CASH BALANCES</u>	<u>381,782</u>	<u>49,216</u>	<u>-</u>	<u>-</u>	<u>430,998</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>4,458,696</u>	<u>754,577</u>	<u>-</u>	<u>-</u>	<u>5,213,273</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 4,840,478</u>	<u>\$ 803,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,644,271</u>
<i>Cash Balances:</i>					
Cash and Cash Equivalents	\$ 2,878,986	\$ 291,593	\$ -	\$ -	\$ 3,170,579
Board Designated Reserves	1,347,803	-	-	-	1,347,803
Operational Capacity Building Funds	613,689	-	-	-	613,689
Reserve Funds Held in Escrow	-	501,911	-	-	501,911
Tenant Security Deposits	-	10,289	-	-	10,289
Total	<u>\$ 4,840,478</u>	<u>\$ 803,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,644,271</u>
<i>Non-Cash Financing Transactions :</i>					
Accounts Payable, Construction	\$ 50,987	\$ -	\$ -	\$ -	\$ 50,987