



Haley House, Inc. & Affiliates

Consolidated Financial Statements and
Supplementary Information

June 30, 2021



HALEY HOUSE

Kevin P. Martin & Associates, P.C.

HALEY HOUSE, INC. & AFFILIATES

Index

June 30, 2021

Independent Auditors' Report

Consolidated Financial Statements:

Consolidated Statement of Financial Position as of June 30, 2021 with Comparative Totals as of June 30, 2020	1
Consolidated Statement of Activities for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020	2
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020	3
Consolidated Statement of Cash Flows for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020	4
Notes to the Financial Statements	5-21

Supplementary Information:

Consolidating Statement of Financial Position as of June 30, 2021 with Comparative Totals as of June 30, 2020	22
Consolidating Statement of Activities for the Year Ended June 30, 2021 with Comparative Totals for the Year Ended June 30, 2020	23



Independent Auditors' Report

To the Board of Directors of
Haley House, Inc.

We have audited the accompanying consolidated financial statements of Haley House, Inc. (a Massachusetts not-for-profit) & Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2021, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1(r) to the financial statements, the Organization has adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. Our opinion is not modified with respect to these matters.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 21, 2021. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, except as described in the above emphasis of matter paragraph, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of supplementary information for the consolidating statement of financial position and supplementary information for the consolidating statement of activities, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Handwritten signature of Nimir P. Martini, followed by the firm name "Chantre P.C." in a cursive script.

Braintree, Massachusetts
November 23, 2021

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Financial Position

As of June 30, 2021

With Comparative Totals as of June 30, 2020

Current Assets	2021	2020
Cash and cash equivalents	\$ 1,896,400	\$ 1,181,987
Restricted cash	104,097	100,091
Accounts receivable, net	85,398	27,246
Prepaid expenses	10,717	13,315
Investments	395,647	588,005
Inventory	6,914	-
Total current assets	2,499,173	1,910,644
 Fixed Assets		
Land	656,937	656,937
Buildings	4,070,718	4,208,940
Building improvements	1,769,117	1,555,209
Construction in progress	90,588	-
Furnishings and equipment	374,480	374,480
Total fixed assets	6,961,840	6,795,566
Less: accumulated depreciation	(2,640,927)	(2,404,610)
Total net fixed assets	4,320,913	4,390,956
 Other Assets		
Deposits	11,500	11,500
Total Assets	\$ 6,831,586	\$ 6,313,100
 Current Liabilities		
Accounts payable	\$ 115,914	\$ 112,542
Accrued interest	49,433	45,284
Accrued expenses	6,076	13,395
Long term debt, current	644,845	639,835
Note payable - paycheck protection program	-	153,614
Deferred revenue	6,635	9,762
Total current liabilities	822,903	974,432
 Long Term Liabilities		
Long term debt, net of current	2,232,938	2,318,015
Total liabilities	3,055,841	3,292,447
 Net Assets		
Net assets without donor restrictions		
Board designated	108,441	108,402
Designated for single room occupancy program	862,947	685,240
Undesignated	2,604,357	2,024,716
Total net assets without donor restrictions	3,575,745	2,818,358
Net assets with donor restrictions	200,000	202,295
Total net assets	3,775,745	3,020,653
Total Liabilities and Net Assets	\$ 6,831,586	\$ 6,313,100

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Activities

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and Support				
Sale of commercial products	\$ 408,979	\$ -	\$ 408,979	\$ 371,829
Less: costs of good sold	(112,212)	-	(112,212)	(180,766)
Total sale of commercial products, net	296,767	-	296,767	191,063
Contributions and grants	764,692	387,005	1,151,697	1,272,398
Donated materials and services	245,319	-	245,319	129,746
Rental	514,639	-	514,639	517,908
Management and partnership fees	344,747	-	344,747	337,062
Investment, net	94,906	-	94,906	15,958
Miscellaneous	4,155	-	4,155	17,344
Net assets released from restrictions	389,300	(389,300)	-	-
Total revenue and support	2,654,525	(2,295)	2,652,230	2,481,479
Expenses				
Program	1,521,326	-	1,521,326	1,573,326
Administration	395,026	-	395,026	315,921
Fundraising	135,655	-	135,655	125,108
Total expenses	2,052,007	-	2,052,007	2,014,355
Change in Net Assets Before Other Income	602,518	(2,295)	600,223	467,124
Forgiveness of debt	154,869	-	154,869	-
Total Change in Net Assets	757,387	(2,295)	755,092	467,124
Net Assets at Beginning of Year	2,818,358	202,295	3,020,653	2,553,529
Net Assets at End of Year	\$ 3,575,745	\$ 200,000	\$ 3,775,745	\$ 3,020,653

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2021

With Comparative Totals for the Year Ended June 30, 2020

	Social Enterprise, Bakery Café	Housing Program	Foods, Meals & Farming	Total Program	Administration	Fundraising	2021 Total	2020 Total
Salaries	\$ 201,925	\$ 54,325	\$ 50,955	\$ 307,205	\$ 149,841	\$ 78,217	\$ 535,263	\$ 806,485
Payroll taxes and fringe benefits	71,013	7,243	12,138	90,394	28,953	9,864	129,211	151,124
Cost of goods sold	78,102	-	33,666	111,768	444	-	112,212	180,766
Professional fees	7,954	50,918	53,557	112,429	162,447	1,455	276,331	108,974
Office supplies and program expenses	33,593	5,014	256,994	295,601	13,820	20,617	330,038	226,057
Occupancy	72,288	152,571	37,510	262,369	15,471	4,422	282,262	243,575
Insurance	42,248	27,765	11,809	81,822	11,002	2,766	95,590	81,024
Bad debt	716	5,349	-	6,065	-	-	6,065	4,204
Depreciation	30,685	150,440	35,388	216,513	4,395	15,409	236,317	226,842
Miscellaneous	3,813	17,770	-	21,583	45	-	21,628	4,976
Interest	26,470	79,178	21,697	127,345	9,052	2,905	139,302	161,094
Total expenses by function	<u>568,807</u>	<u>550,573</u>	<u>513,714</u>	<u>1,633,094</u>	<u>395,470</u>	<u>135,655</u>	<u>2,164,219</u>	<u>2,195,121</u>
Less expenses included with revenues on the on the statement of activities								
Cost of goods sold	<u>(78,102)</u>	<u>-</u>	<u>(33,666)</u>	<u>(111,768)</u>	<u>(444)</u>	<u>-</u>	<u>(112,212)</u>	<u>(180,766)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 490,705</u>	<u>\$ 550,573</u>	<u>\$ 480,048</u>	<u>\$ 1,521,326</u>	<u>\$ 395,026</u>	<u>\$ 135,655</u>	<u>\$ 2,052,007</u>	<u>\$ 2,014,355</u>

HALEY HOUSE, INC. & AFFILIATES

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2021

With Comparative Totals for the Year Ended June 30, 2020

Cash Flows from Operating Activities	<u>2021</u>	<u>2020</u>
Net income	\$ 755,092	\$ 467,124
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	236,317	226,842
Net unrealized and realized gains on investments	(83,461)	4,000
Forgiveness of debt	(154,869)	-
Decrease (increase) in assets		
Accounts receivable	(58,152)	38,198
Prepaid expenses	2,598	(1,651)
Deposits	-	(5,000)
Inventory	(6,914)	-
Increase (decrease) in liabilities		
Accounts payable	3,372	(22,567)
Accrued expenses	(7,319)	(1,696)
Deferred revenue	(3,127)	9,762
Accrued interest	5,404	9,995
Net Cash Provided by Operating Activities	<u>688,941</u>	<u>725,007</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(166,274)	(332,466)
Proceeds from the sale of investments	708,760	132,418
Purchase of investments	(432,941)	(153,318)
Net Cash Provided by (Used in) Investing Activities	<u>109,545</u>	<u>(353,366)</u>
Cash Flows from Financing Activities		
Repayments of long term debt	(80,067)	(68,782)
Proceeds from note payable - paycheck protection program	-	153,614
Net Cash (Used in) Provided by Financing Activities	<u>(80,067)</u>	<u>84,832</u>
Net Increase in Cash, Cash Equivalents and Restricted Cash	718,419	456,473
Cash, Cash Equivalents and Restricted Cash - Beginning	<u>1,282,078</u>	<u>825,605</u>
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 2,000,497</u>	<u>\$ 1,282,078</u>
Cash and cash equivalents	\$ 1,896,400	1,181,987
Restricted cash	104,097	100,091
Cash, Cash Equivalents and Restricted Cash - Ending	<u>\$ 2,000,497</u>	<u>1,282,078</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 133,898</u>	<u>\$ 151,099</u>
Supplemental Data for Noncash Investing and Financing Activities		
Fixed assets included in accounts payable	<u>\$ -</u>	<u>\$ 25,470</u>

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

(a) Nature of Organization

The following is the nature of operations and summary of significant accounting policies followed by Haley House, Inc. and Affiliates (the Organization) in the preparation of these consolidated financial statements.

Nature of Operations

Through food, personal relationship, and the power of community, the Organization breaks down barriers between people, empowers individuals, and strengthens neighborhoods. We believe in radical solutions: solving problems at their root by challenging the attitudes and structures that perpetuate suffering while building innovative models as creative alternatives. Begun as a soup kitchen in 1966, Haley House, Inc. has grown into a multifaceted organization deeply rooted in two Boston neighborhoods: the South End and Roxbury. In the Organization's 50+ year history, the Organization has expanded creatively in direct response to the needs of those who come to our doors. The following program divisions are listed in order of relative importance based upon total program expenditures:

Social Enterprise Bakery Cafe: Located in Roxbury since 2005, the Bakery Café has been characterized as a community center disguised as a café. In addition to delicious, healthy, and affordable food, the social enterprise restaurant offers dignified work and job skills training for people transitioning out of incarceration and is home to extensive arts and cultural programming. The Social Enterprise Baker Cafe division accounted for 35% of total program expenditures for the year ended June 30, 2021.

Housing Program - The Housing Program provides secure homes to low-income families and formerly homeless people with more than 100 units of permanent, affordable housing scattered throughout the South End and Roxbury. The Housing Program division accounted for 34% of total program expenditures for the year ended June 30, 2021.

Food, Meals and Farming - Each year, Soup Kitchen volunteers serve more than 36,000 made-from-scratch meals 9 times a week and distribute over 10,000 bags of food through the weekly Food Pantry. These programs are coordinated by a Live-In Community of long-term volunteers who donate their time in exchange for room and board. Haley House, Inc. is responsible for two plots of reclaimed urban land in Roxbury and the South End, which provide seasonal produce for the Soup Kitchen, Bakery Café, and other programs. Other programs include Take Back the Kitchen, a hands-on cooking program taught by professional chefs reaching over 400 young people and their families each year and the Transitional Employment Program (TEP) offering job and life-skills training for people returning from incarceration (on hiatus until Fall 2020). The Food, Meals and Farming division accounted for 31% of total program expenditures for the year ended June 30, 2021.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(b) Basis of Presentation

The consolidated statement of activities reports all changes in net assets, including changes in net assets without donor restrictions from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Investment income, realized and unrealized gains and losses on investments, net of related management fees are reported as operating revenue. Non-operating revenue consists of forgiveness of debt.

The consolidated financial statements include the accounts of Haley House, Inc, and its wholly-owned subsidiaries that are controlled by Haley House through common board members. All financial data has been maintained within the books and records of Haley House, Inc. All material intercompany transactions and accounts have been eliminated in consolidation.

Haley House, Inc., is a Massachusetts not-for-profit corporation formed to provide basic needs of food and shelter to poor and homeless individuals.

Haley House Bakery Café Operating LLC is wholly owned by Haley House, Inc. to own and operate the non-profit bakery and café operations.

Haley House Bakery Café 12 Dade LLC is wholly owned by Haley House, Inc. to own and manage certain real property located in Roxbury Massachusetts.

Haley House Interfaith LLC is wholly owned by Haley House, Inc. to act as a managing member in certain real estate ventures of Haley House, Inc.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The consolidated statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the consolidated statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(c) Standards of Accounting and Reporting - continued

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

(d) Cash, Cash Equivalents and Restricted Cash

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purpose, to be cash equivalents.

The Organization maintains its cash and investment balances at several financial institutions located in Massachusetts. The investments is insured by the Securities Investment Protection Corporation (SIPC). This insurance protects customer securities from creditors in the event of a business failure of the broker/dealer. The insurance does not provide protection against market fluctuations.

The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2021.

Restricted cash required by regulatory and loan agreements. See Note 2 for the detail of restricted cash.

(e) Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct investment expenses. Investments are exposed to risks such as interest rate, credit and overall market volatility.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition

The Organization earns revenue as follows:

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Contributions and Grants - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution or grant (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution or grant is considered to be a conditional contribution or grant if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contributions and grants without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions and grants with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions and grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

Donated Materials - Donations of materials are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising and client services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Commercial Products and Services - Commercial products and services are recognized as services are rendered and when units or services are provided.

Management Fees - The Organization recognizes management fees as services are performed and earned in accordance with the terms of the agreements.

Partnership Fees - Partnership fees consists of distributions, see Note 8. The Organization recognizes partnership fees upon receipt.

Rental - Rental revenue is recognized as rentals become due and are accounted for under Leases (Topic 840). Rental revenue is derived from tenant and subsidy leases. All leases between the Organization and its tenants are operating leases. Rental revenue is recognized as occupancy is provided on a straight-line basis over the rented lease terms. Rental payments received in advance are deferred.

Deferred revenue represents rental income received in advance and the sale of commercial products received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2021, the Organization derived approximately 51% of its total revenue from grants, contributions and donated materials and services, 19% from rental, 15% from commercial products, 12% from management fees and 3% from other sources including investment returns. All revenue is recorded at the estimated net realizable amounts.

(g) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021, the allowance for doubtful accounts was immaterial.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(g) *Accounts Receivable - continued*

The Organization does not have a policy to accrue interest on accounts receivable. The Organization has no policies requiring collateral or other security to secure the accounts receivable. The Organization has a policy to collect security deposits of up to one month's rent from tenants. The security deposits can be used to pay for damages caused by the tenant or used against unpaid receivables.

As of June 30, 2021, 100% of the Organization's accounts receivable is due from private and third parties.

(h) *Inventory*

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the consolidated statement of activities in the period in which it occurs.

(i) *Fixed Assets*

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the consolidated statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Buildings	40 years
Building improvements	20-40 years
Furnishings and equipment	5-10 years

Fixed assets are reviewed for impairment if the use of the asset significantly changes or another indicator or possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There was no impairment loss recognized during the year ended June 30, 2021.

(j) *Designation of Net Assets Without Donor Restrictions*

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions, see Note 6(b).

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(k) Fair Value Measurements

U.S. GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant inputs to the valuation model are unobservable.

Recurring Fair Value Measurements

In accordance with U.S. GAAP, certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are described below. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

The following section describes the valuation methodologies used to measure assets financial assets and liabilities at fair value on a recurring basis:

Investments in Mutual Funds: The fair values of investments using quoted market prices from daily exchange traded markets were based on the closing price as of the financial position date and were classified as Level 1, see Note 3.

The following table summarizes assets measured at fair value on a recurring basis as of June 30, 2021.

	Level 1	Level 2	Level 3	Total
Investments	\$ <u>395,647</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>395,647</u>
	\$ <u>395,647</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>395,647</u>

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by U.S. GAAP. The Organization currently has no assets or liabilities that are adjusted to fair value on a nonrecurring basis.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(l) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contributions and was 10% for the year ended June 30, 2021. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(m) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon square footage.

(n) Use of Estimates

In preparing the Organization's consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

U.S. GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Generally, the Organization's information/tax returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

Haley House Bakery Café Operating LLC, Haley House Bakery Café 12 Dade LLC and Haley House Interfaith LLC are limited liability companies with Haley House, Inc. as its sole member and, consequently are disregarded entities, having no tax status. These entities are consolidated and filed with Haley House, Inc.'s nonprofit tax return.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(p) Below Market Loan

The Organization has programs which create low-income housing. Governmental entities, having a similar agenda to foster low-income housing, have lent money to the Organization at advantageous terms. The Organization has not discounted these below market loans as they were made at arm's length and to foster the creation of low-income housing.

(q) Summarized Financial Information for 2020

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the consolidated financial statements do not include a full presentation of the consolidated statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the consolidated financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(r) Recent Accounting Standards Adopted

On July 1, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606). ASC 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. On July 1, 2020, the Organization adopted ASC 606 using the modified retrospective method applied to those contracts which were not completed as of July 1, 2020 (the practical expedient elected). Results for reporting periods beginning after July 1, 2020, are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting under ASC 605.

There were no material changes in the timing of recognition of revenue and, therefore, there were no adjustments to the opening balance of net assets without donor restrictions. The Organization does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(r) Recent Accounting Standards Adopted - continued

On July 1, 2020, the Organization adopted ASU 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this update removed the following disclosure requirements from Topic 820: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the reporting period. The following disclosure requirements were modified in Topic 820: (1) in lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities, (2) for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly and (3) the amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The disclosures to the consolidated financial statements were updated to reflect the amendments in this update.

(s) Recent Accounting Standards

In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 deferred the implementation date of ASU 2016-02 and ASU 2014-09 by one year. The Organization has adopted ASU 2014-09. ASU 2016-02 is described below.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU was set to be effective on January 1, 2021, with early adoption permitted. The effective date was extended to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies - continued

(s) Recent Accounting Standards - continued

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update address presentation and disclosure of contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

(t) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(u) Paycheck Protection Program Loan

As described at Note 5, the Organization received a Paycheck Protection Program (PPP) loan during the fiscal year ended June 30, 2020. The Organization has elected to follow the guidance regarding Debt found in FASB ASC 470 - *Not-for Profit Entities - Debt* to account for its PPP loan. During the year ended June 30, 2021, the Organization recognized \$154,869 of debt forgiveness.

(2) Restricted Cash

The Organization's restricted cash balance consists of funds restricted for tenant security deposits and funds held in escrow. These amounts support either a corresponding liability or restricted net asset position.

(a) Tenant Security Deposits

The Organization has a policy to collect security deposits of up to one month's rent from tenants. The security deposits can be used to pay for damages caused by the tenant or used against unpaid receivables. The balance as of June 30, 2021 was \$8,687.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(2) Restricted Cash - continued

(b) Replacement Reserve

In accordance with the Regulatory Agreement, the Organization maintains an account established for repairs and capital improvements. The Organization shall make required monthly deposits of \$758 which is subject to an automatic annual adjustment factor published by the United States Department of Housing and Urban Development and reserves can only be drawn upon with permission from MassHousing. Deposits and disbursements were made in accordance with the Regulatory Agreement during the year ended June 30, 2021. A summary of replacement reserve activity for the year ended June 30, 2021 is as follows:

Balance at beginning of year	\$	75,986
Deposits		9,100
Interest earned		<u>184</u>
Balance at end of year	\$	<u><u>85,270</u></u>

(c) Real Estate Tax and Insurance Escrows

The Organization established a reserve and makes deposits monthly of \$1,700 as required by MassHousing note agreements to fund disbursements for real estate taxes, assessments, liens and insurance premiums. Deposits and disbursements were made in accordance with the note agreements during the year ended June 30, 2021. The escrow funds are held by MassHousing and can only be drawn upon with permission of MassHousing. A summary of escrow activity for the year ended June 30, 2021 is as follows:

Balance at beginning of year	\$	8,404
Deposits		20,400
Interest earned		21
Less: withdrawals		<u>(18,685)</u>
Balance at end of year	\$	<u><u>10,140</u></u>

(3) Investments

The Organization holds mutual fund investments in both debt and equity securities. These investments are restricted to the Columbus Avenue Single Room Occupancy housing development and are not available for use in Haley House, Inc.'s day-to-day operations. Mutual fund investments are subject to market rate fluctuations. The Organization's governing board has a policy of selecting funds that provide growth with proven performance records so as to minimize the market risk associated with the investments. These mutual funds have been classified as available for sale in the consolidated financial statements. The market value of the investments at June 30, 2021 was \$395,647.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(4) Line of Credit

The Organization has established a line of credit with a lending institution. The maximum borrowing on the line is established at \$100,000. Interest accrues on amounts borrowed at a rate of one percent (1.00%) above the Wall Street Journal Prime Rate. The Wall Street Journal Prime Rate was approximately 3.25% at June 30, 2021. The loan is collateralized by all Organization assets. As of June 30, 2021, there were no funds borrowed against the line of credit.

(5) Long-Term Debt

(a) MassHousing

The Organization has a first and second mortgage notes payable. The first mortgage is provided by MassHousing with a loan dated September 1, 2009. The loans bear interest at a rate of 6.25% per annum. The property has been pledged as collateral for the mortgages. The loans are being amortized over a 30-year term and requires monthly principal and interest payments totaling \$5,062. The loans also requires monthly mortgage service fee payments of \$339. The project is subject to a regulatory agreement which limits the use of the property to low-income housing. During the year ended June 30, 2021, interest expense and mortgage service fee payments amounted to \$24,969 and \$4,072, respectively. As of June 30, 2021, the principal balance and accrued interest was \$370,426 and \$1,946, respectively.

(b) City of Boston

The Organization has a second mortgage note payable with the City of Boston in the original amount of \$562,030. The note bore interest at 1% and was set to mature May 2021. The Project assets are pledged as collateral. Payment of interest was limited to \$3,000 per annum. The mortgage note payable and all unpaid accrued interest was due in full May 2021. The Organization is currently working with the City of Boston to outline terms to forgive the loan in full to allow the Organization to continue its efforts on preserving and maintaining the affordable housing in Boston, see Note 11. During the year ended June 30, 2021, interest expense amounted to \$6,021. As of June 30, 2021, the outstanding principal and accrued interest was \$562,030 and \$46,046, respectively. Subsequent to year end, the mortgage was forgiven, see Note 11.

(c) Boston Community Loan Fund

On April 6, 2015, Haley House Inc., and Haley House Bakery Café 12 Dade Street LLC executed with Boston Community Loan Fund a non-revolving line of credit not to exceed \$750,000. The line of credit accrues interest at a rate of 6% per annum. On April 6, 2018, the borrower began making monthly payments of principal and interest based upon a 20-year amortization schedule. On April 6, 2025, the maturity date, the unpaid principal balance plus any accrued and unpaid interest is required to be paid. This loan is subordinated to the Eastern Bank loan of \$1,680,000. This loan agreement is collateralized by the property located at 12 Dade Street, 2139 Washington Street and 16, 20, 22 and 24 Dade Street, Boston and the second collateral assignment of leases and rents of this property. During the year ended June 30, 2021, interest expense amounted to \$16,077. As of June 30, 2021, the outstanding principal and accrued interest was \$359,239 and \$1,441, respectively.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(5) Long-Term Debt - continued

(d) Eastern Bank

On February 27, 2015, Haley House Inc. borrowed from Eastern Bank a sum of \$1,680,000. Prior to February 27, 2018, the conversion date, the loan accrued interest at a rate of 3.57% per annum payable in monthly installments. Effective on the conversion date, the rate was converted to 5.43% per annum. For the first three years of the loan only interest was required to be paid. Commencing on March 27, 2018, Haley House Inc. was required to make monthly installments of principal and interest based upon a 10-year amortization schedule. On February 27, 2025, the maturity date, the remaining principal balance plus any accrued and unpaid interest is due. This loan was used to finance the purchase of the property at 12 Dade Street, Boston. The Eastern Bank loan is collateralized by a mortgage on certain real property owned by Haley House, Inc. and a collateral assignment of leases and rents at this property. During the year ended June 30, 2021, interest expense amounted to \$87,232. The principal balance at June 30, 2021 was \$1,586,088.

The Loan contains a debt service coverage ratio covenant that requires the Organization to maintain a debt service coverage ratio (DSCR) of 1.10:1. As of June 30, 2021, the Organization did maintain the required coverage.

(e) Note Payable - PPP

During the year ended June 30, 2020, the Organization received a PPP loan from Eastern Bank in the amount of \$153,614 under the Coronavirus Aid, Relief and Economic Security (CARES) Act through the Small Business Administration (SBA). The loan bore interest of 1% and matured in April 15, 2022. Monthly payments of principal and interest were originally required starting in October 2020. In connection with the PPP Flexibility Act, the deferral of loan repayment was extended from the original 6 months to the earlier of i) the date when the SBA pays the forgiveness amount to the lender or ii) 10 months after the last day of the covered period, as defined in the loan agreement. During the year ended June 30, 2021, interest expense amounted to \$931. During the year ended June 30, 2021, the loan was forgiven in the amount of \$153,614 and accrued interest of \$1,255.

Future minimum payments are as follows:

2022	\$ 644,845
2023	87,766
2024	92,735
2025	1,847,104
2026	47,917
Thereafter	<u>157,416</u>
Total	\$ <u>2,877,783</u>

Interest expense on all debt amounted to \$139,302 for the year ended June 30, 2021.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(6) Net Assets

(a) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2021, net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for a specified purpose:	
Dartmouth Street Capital Grants	\$ 10,000
Dade Street	50,000
Transitional Employment	25,000
Taking Back Kitchen	25,000
Mural for Bakery	15,000
	<u>125,000</u>
Time restricted - for use in 2022	<u>75,000</u>
Total net assets with donor restrictions	\$ <u>200,000</u>

Net Assets released from restrictions during the year ended June 30, 2021 were \$389,300 of which, \$384,300 were from program restrictions and \$5,000 were from time restrictions.

(b) Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes as of June 30, 2021:

Undesignated	\$ 2,604,357
Board designated - operating reserve - see Note 1(j)	108,441
Designated for single room occupancy program	862,947
Total	\$ <u>3,575,745</u>

In accordance with the Regulatory Agreement, all net assets associated with the single room occupancy housing program must remain associated with the project and cannot be used for any other purpose involving Haley House, Inc. This development is financed by the MassHousing. Sale or encumbrance of the property is prohibited and use of any financial assets is restricted to operating costs associated with the property under the terms of a regulatory agreement. The regulatory agreement will remain in effect for the duration of the first mortgage loan. Net assets associated with the single room occupancy program on June 30, 2021, were \$862,947.

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(7) Donated Goods and Services

Donated goods and services for the year ended June 30, 2021 were as follows:

Pro-bono outside services:	
Human resource services	\$ 24,059
Goods in kind:	
Food, pantry and soup kitchen goods	<u>221,260</u>
Total revenue recognized	<u>\$ 245,319</u>

(8) Haley House Interfaith LLC

Haley House Interfaith LLC is a fifty percent member in Interfaith Housing Developer's, Inc., which is the co-managing member in Interfaith Housing Developers LLC (the Project). Interfaith Housing Developer's, Inc. does not control the Project and as such is accounted for on the equity method of accounting. Interfaith Housing Developer's, Inc. earns a management fee and is entitled to partnership fees (also referred to as distributions), if any. As of June 30, 2021, management fees and partnership fees totaled \$344,747, which are included in management and partnership fees on the consolidated statement of activities.

(9) Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year from the consolidated statement of financial position date:

Financial assets at June 30, 2021:	
Cash and cash equivalents	\$ 1,896,400
Accounts receivable, net	85,398
Investments	<u>395,647</u>
Total	<u>2,377,445</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors for specific purposes	125,000
Board designated	108,411
Designated for single room occupancy	<u>862,947</u>
Total	<u>1,096,358</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,281,087</u>

HALEY HOUSE, INC. & AFFILIATES

Notes to the Consolidated Financial Statements

June 30, 2021

(9) Liquidity and Availability of Resources - continued

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Organization also could draw upon the \$100,000 available line of credit, see Note 4.

(10) Risk and Uncertainties - COVID-19

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenues and other adverse effects to the Organization's financial position, results of operations, and cash flows. As described in Note 5(e), the Organization received a PPP loan. In addition, the Organization's liquidity as of June 30, 2021 is documented at Note 9. The Organization is not able to estimate the length or severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effects on the Organization's operations continue for an extended period of time the Organization may have to seek alternative measures to finance its operations. The Organization does not believe that the impact of COVID-19 would have a material adverse effect on its financial condition or liquidity.

(11) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 23, 2021, which is the date the Organization's consolidated financial statements were available to be issued. No material subsequent events have occurred, other than the items noted below, since June 30, 2021 that required recognition or disclosure in these consolidated financial statements.

Effective October 15, 2021, the Organization received approval from the City of Boston's Department of Neighborhood Development to release the existing mortgage securing the debt, see Note 5.

Effective July 2021, the Organization closed on the purchase of Interfaith, LLC. Previously, as described in Note 8 above, the organization was a 50% percent member in Interfaith Housing Developer's, Inc. After closing, the Organization is now the sole owner of the property which will be consolidated in future year audits as an affiliate of Haley House, Inc.

Supplementary Information

HALEY HOUSE, INC. & AFFILIATES

Consolidating Statement of Financial Position

As of June 30, 2021
With Comparative Totals as of June 30, 2020

	Bakery Division	HH Division	SRO Division	Eliminations	2021 Total	2020 Total
Current Assets						
Cash and cash equivalents	\$ 226,945	\$ 1,114,032	\$ 555,423	\$ -	\$ 1,896,400	\$ 1,181,987
Restricted cash	-	-	104,097	-	104,097	100,091
Accounts receivable, net	76,531	5,032	3,835	-	85,398	27,246
Due from affiliates	-	2,403,934	-	(2,403,934)	-	-
Prepaid expenses	417	10,300	-	-	10,717	13,315
Inventory	6,914	-	-	-	6,914	-
Investments	-	-	395,647	-	395,647	588,005
Total current assets	<u>310,807</u>	<u>3,533,298</u>	<u>1,059,002</u>	<u>(2,403,934)</u>	<u>2,499,173</u>	<u>1,910,644</u>
Fixed Assets						
Land	-	537,705	119,232	-	656,937	656,937
Buildings	534,860	1,902,996	1,707,862	(75,000)	4,070,718	4,208,940
Building improvements	-	1,769,117	-	-	1,769,117	1,555,209
Construction in progress	-	78,000	12,588	-	90,588	-
Equipment	69,006	281,770	23,704	-	374,480	374,480
Total fixed assets	603,866	4,569,588	1,863,386	(75,000)	6,961,840	6,795,566
Less: accumulated depreciation	(328,254)	(1,320,906)	(1,042,392)	50,625	(2,640,927)	(2,404,610)
Total net fixed assets	<u>275,612</u>	<u>3,248,682</u>	<u>820,994</u>	<u>(24,375)</u>	<u>4,320,913</u>	<u>4,390,956</u>
Other Assets						
Deposits	-	11,500	-	-	11,500	11,500
Total Assets	<u>\$ 586,419</u>	<u>\$ 6,793,480</u>	<u>\$ 1,879,996</u>	<u>\$ (2,428,309)</u>	<u>\$ 6,831,586</u>	<u>\$ 6,313,100</u>
Current Liabilities						
Accounts payable	\$ 22,528	\$ 91,001	\$ 2,385	\$ -	\$ 115,914	\$ 112,542
Due to affiliates	2,375,744	-	28,190	(2,403,934)	-	-
Accrued interest	-	1,441	47,992	-	49,433	45,284
Accrued expenses	423	-	5,653	-	6,076	13,395
Long term debt, current	-	45,215	599,630	-	644,845	639,835
Note payable - paycheck protection program	-	-	-	-	-	153,614
Deferred revenue	5,462	800	373	-	6,635	9,762
Total current liabilities	<u>2,404,157</u>	<u>138,457</u>	<u>684,223</u>	<u>(2,403,934)</u>	<u>822,903</u>	<u>974,432</u>
Long Term Liabilities						
Long term debt, net of current	-	1,900,112	332,826	-	2,232,938	2,318,015
Total liabilities	<u>2,404,157</u>	<u>2,038,569</u>	<u>1,017,049</u>	<u>(2,403,934)</u>	<u>3,055,841</u>	<u>3,292,447</u>
Net Assets						
Net assets without donor restrictions						
Board designated	-	108,411	-	-	108,411	108,402
Designated for single room occupancy program	-	-	862,947	-	862,947	726,460
Undesignated	(1,832,738)	4,461,500	-	(24,375)	2,604,387	1,983,496
Total net assets without donor restrictions	(1,832,738)	4,569,911	862,947	(24,375)	3,575,745	2,818,358
Net assets with donor restrictions	15,000	185,000	-	-	200,000	202,295
Total net assets	<u>(1,817,738)</u>	<u>4,754,911</u>	<u>862,947</u>	<u>(24,375)</u>	<u>3,775,745</u>	<u>3,020,653</u>
Total Liabilities and Net Assets	<u>\$ 586,419</u>	<u>\$ 6,793,480</u>	<u>\$ 1,879,996</u>	<u>\$ (2,428,309)</u>	<u>\$ 6,831,586</u>	<u>\$ 6,313,100</u>

HALEY HOUSE, INC. & AFFILIATES

Consolidating Statement of Activities

For the Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

	Bakery Division			HH Division			SRO Division			Eliminations	2021 Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue and Support												
Sale of commercial products	\$ 416,088	\$ -	\$ 416,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,109)	\$ 408,979	\$ 371,829
Less: costs of good sold	(78,102)	-	(78,102)	(34,993)	-	(34,993)	-	-	-	883	(112,212)	(180,766)
Total sale of commercial products, net	337,986	-	337,986	(34,993)	-	(34,993)	-	-	-	(6,226)	296,767	191,063
Contributions and grants	51,631	20,750	72,381	711,061	366,255	1,077,316	2,000	-	2,000	-	1,151,697	1,272,398
Donated materials and services	-	-	-	245,319	-	245,319	-	-	-	-	245,319	129,746
Rental	-	-	-	175,451	-	175,451	339,188	-	339,188	-	514,639	517,908
Management and partnership fees	-	-	-	358,361	-	358,361	-	-	-	(13,614)	344,747	337,062
Investment, net	-	-	-	336	-	336	94,570	-	94,570	-	94,906	15,958
Miscellaneous	11	-	11	3,913	-	3,913	231	-	231	-	4,155	17,344
Net assets released from restrictions	12,500	(12,500)	-	376,800	(376,800)	-	-	-	-	-	-	-
Total revenue and support	402,128	8,250	410,378	1,836,248	(10,545)	1,825,703	435,989	-	435,989	(19,840)	2,652,230	2,481,479
Expenses												
Program services	493,716	-	493,716	749,823	-	749,823	299,502	-	299,502	(21,715)	1,521,326	1,573,326
Administration	-	-	-	395,026	-	395,026	-	-	-	-	395,026	315,921
Fundraising	-	-	-	135,655	-	135,655	-	-	-	-	135,655	125,108
Total expenses	493,716	-	493,716	1,280,504	-	1,280,504	299,502	-	299,502	(21,715)	2,052,007	2,014,355
Total Change in Net Assets Before Other Income	(91,588)	8,250	(83,338)	555,744	(10,545)	545,199	136,487	-	136,487	1,875	600,223	467,124
Other Income												
Forgiveness of debt	-	-	-	154,869	-	154,869	-	-	-	-	154,869	-
Total Change in Net Assets	(91,588)	8,250	(83,338)	710,613	(10,545)	700,068	136,487	-	136,487	1,875	755,092	467,124
Net Assets at Beginning of Year	(1,741,150)	6,750	(1,734,400)	3,859,298	195,545	4,054,843	726,460	-	726,460	(26,250)	3,020,653	2,553,529
Net Assets at End of Year	\$ (1,832,738)	\$ 15,000	\$ (1,817,738)	\$ 4,569,911	\$ 185,000	\$ 4,754,911	\$ 862,947	\$ -	\$ 862,947	\$ (24,375)	\$ 3,775,745	\$ 3,020,653