

THE MAGDALEN HOUSE

Financial Statements
(With Independent Auditor's Report Thereon)

December 31, 2021 and 2020

THE MAGDALEN HOUSE
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Independent Auditor's Report

To the Board of Directors of
The Magdalen House:

Opinion

We have audited the accompanying financial statements of The Magdalen House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Magdalen House (the Organization) as of December 31, 2021 and 2020, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

STILL BURTON LLP

Still Burton LLP

Farmers Branch, Texas
November 17, 2022

THE MAGDALEN HOUSE
 Statements of Financial Position
 December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 413,721	\$ 571,688
Restricted cash	-	221,769
Pledges receivable, net	16,043	64,670
Promotional items on hand	6,478	6,478
Prepaid expenses	26,415	23,336
Investment in bingo unit	65,451	68,599
Fixed assets, net	3,348,346	2,964,158
 Total assets	 \$ 3,876,454	 \$ 3,920,698
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 108,641	\$ 68,964
 Net Assets:		
Without donor restrictions	3,749,377	2,627,398
With donor restrictions	18,436	1,224,336
Total net assets	3,767,813	3,851,734
 Total liabilities and net assets	 \$ 3,876,454	 \$ 3,920,698

See accompanying notes and independent auditor's report.

THE MAGDALEN HOUSE
Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions and grants	\$ 384,117	\$ 672,148	\$ 1,056,265	\$ 30,124	\$ 995,431	\$ 1,025,555
Special events	431,987	-	431,987	11,707	-	11,707
Special events-in-kind	69,682	-	69,682	-	-	-
Donated materials and services	383,566	-	383,566	357,637	-	357,637
Investment earnings	135,167	-	135,167	58,292	-	58,292
Gain on sale of property	-	-	-	309,806	-	309,806
Other income	4,287	-	4,287	49,112	-	49,112
	<u>1,408,806</u>	<u>672,148</u>	<u>2,080,954</u>	<u>816,678</u>	<u>995,431</u>	<u>1,812,109</u>
Net Assets Released-						
Purpose Restrictions:	<u>1,878,048</u>	<u>(1,878,048)</u>	<u>-</u>	<u>2,634,696</u>	<u>(2,634,696)</u>	<u>-</u>
Total support and revenue	<u>3,286,854</u>	<u>(1,205,900)</u>	<u>2,080,954</u>	<u>3,451,374</u>	<u>(1,639,265)</u>	<u>1,812,109</u>
Expenses:						
Program services	1,473,404	-	1,473,404	887,153	-	887,153
<u>Supporting services:</u>						
General and administrative	236,040	-	236,040	142,892	-	142,892
Capital campaign	170,950	-	170,950	159,399	-	159,399
Fundraising	284,481	-	284,481	181,966	-	181,966
Total supporting services	<u>691,471</u>	<u>-</u>	<u>691,471</u>	<u>484,257</u>	<u>-</u>	<u>484,257</u>
Total expenses	<u>2,164,875</u>	<u>-</u>	<u>2,164,875</u>	<u>1,371,410</u>	<u>-</u>	<u>1,371,410</u>
Change in net assets	1,121,979	(1,205,900)	(83,921)	2,079,964	(1,639,265)	440,699
Net assets at beginning of year	<u>2,627,398</u>	<u>1,224,336</u>	<u>3,851,734</u>	<u>547,434</u>	<u>2,863,601</u>	<u>3,411,035</u>
Net assets at end of year	<u>\$ 3,749,377</u>	<u>\$ 18,436</u>	<u>\$ 3,767,813</u>	<u>\$ 2,627,398</u>	<u>\$ 1,224,336</u>	<u>\$ 3,851,734</u>

See accompanying notes and independent auditor's report.

THE MAGDALEN HOUSE
Statement of Functional Expenses
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Supporting Services				Total 2021	Total 2020
	Program	General & Administrative	Capital Campaign	Fundraising		
Employee compensation	\$ 730,802	\$ 43,510	\$ 45,777	\$ 220,695	\$ 1,040,784	\$ 754,781
In-kind program	348,008	24,570	-	-	372,578	211,115
Special events, fundraising	253,590	84	3,683	45,687	303,044	11,408
Facilities and equipment	99,949	26,475	72,221	12,017	210,662	50,468
Contract services	15,000	77,396	1,165	-	93,561	226,673
Office	7,866	26,639	1,516	5,761	41,782	31,893
Taxes	433	37,731	-	-	38,164	7,311
Builder fee-Gaston	-	-	36,667	-	36,667	37,426
Other	17,756	(365)	1,921	321	19,633	36,958
Advertising and promotion	-	-	8,000	-	8,000	3,377
TOTAL EXPENSES 2021	\$ 1,473,404	\$ 236,040	\$ 170,950	\$ 284,481	\$ 2,164,875	
TOTAL EXPENSES 2020	\$ 887,153	\$ 142,892	\$ 159,399	\$ 181,966		\$ 1,371,410

See accompanying notes and independent auditor's report.

THE MAGDALEN HOUSE
Statement of Functional Expenses
Year Ended December 31, 2020

	Supporting Services				Total
	Program	General & Administrative	Capital Campaign	Fundraising	
Employee compensation	\$ 507,763	\$ 15,775	\$ 83,343	\$ 147,900	\$ 754,781
Contract services	128,301	79,278	31,000	7,195	245,774
Supplies	170,471	2,583	346	536	173,937
Facilities and equipment	21,331	2,223	42,301	1,795	67,650
Information technology	30,385	1,906	-	4,844	37,135
Conferences, meetings, travel	4,845	26,687	2,241	2,279	36,052
Depreciation	19,637	202	-	405	20,244
Special events	475	-	-	10,933	11,408
Office	815	2,480	93	5,907	9,295
Taxes	-	7,311	-	-	7,311
Insurance	-	3,541	-	-	3,541
Advertising and promotion	3,130	-	75	172	3,377
Other	-	906	-	-	906
TOTAL EXPENSES	\$ 887,153	\$ 142,892	\$ 159,399	\$ 181,966	\$ 1,371,410

See accompanying notes and independent auditor's report.

THE MAGDALEN HOUSE
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ (83,921)	\$ 440,699
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	28,971	20,244
Contributions restricted for new facility	(18,542)	(542,375)
Gain on sale of fixed assets	-	(309,806)
Non-cash write off of debt issuance costs	-	19,100
Unrealized gains for long-term investment in bingo unit	(131,371)	(65,756)
(Increase) decrease in		
Pledges receivable	48,627	776,532
Promotional items on hand	-	(839)
Prepaid expenses	(3,079)	(5,443)
Increase (decrease) in		
Accounts payable and accrued expenses	39,677	67,343
Net cash provided by (used in) operating activities	(119,638)	399,699
Cash Flows from Investing Activities:		
Purchase of property and equipment	(413,159)	(1,969,235)
Sales proceeds from sale of fixed assets	-	350,000
Distributions received from bingo unit	134,519	58,292
Net cash used in investing activities	(278,640)	(1,560,943)
Cash Flows from Financing Activities:		
Receipt of contributions restricted for facility construction	18,542	542,375
Net cash provided by financing activities	18,542	542,375
Net change in cash and cash equivalents	(379,736)	(618,869)
Cash and cash equivalents at beginning of year	793,457	1,412,326
Cash and cash equivalents at end of year	\$ 413,721	\$ 793,457
Supplemental Disclosure:		
Cash paid for unrelated business income taxes	\$ 28,039	\$ 7,311
Cash paid for interest	\$ 130	\$ 130

See accompanying notes and independent auditor's report.

THE MAGDALEN HOUSE
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

The Magdalen House (the “Organization”) is a Texas nonprofit corporation formed in 1987. The Organization operates in Dallas, Texas to help women achieve sobriety and sustain recovery from alcoholism at no cost and based on the 12-step model of recovery. This is implemented by means of the First Step, Community, and Outreach programs, which are funded primarily from contributions.

The First Step program is a residential 14-day, non-medical detox offered at no cost to women of all backgrounds who want to withdraw from alcohol in a safe environment. The Community program provides recovery meetings conducted by volunteers to both those in recovery and their families and friends. A significant aspect of both of these programs involves reaching out to women who may need these services so that they do not go unserved. The Outreach program consists of efforts by the Organization to create a stronger community response by collaborating with local and national agencies to provide reciprocal services which complement each other.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP), consistently applied.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording depreciation, the collectability of pledges receivable, and the functional allocation of expenses. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Amounts included in restricted cash represent those required to be set aside for the construction of the Organization’s new facility in accordance with donor-imposed restrictions on donations. There was no restricted cash at December 31, 2021.

Pledges Receivable

Pledges receivable are for the capital campaign and are included in the statement of financial position, net of any allowance for doubtful accounts. The Organization periodically assesses the collectability of outstanding receivables and determines the allowance for estimated losses based on factors such as historical collection experience, age of the receivable, and current credit worthiness of the donor. The Organization writes off receivables when they are deemed uncollectible by management.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are stated at historical cost. Expenditures which substantially improve or extend the useful life of property are capitalized if such costs exceed \$1,000 and have a useful life of over a year. Routine maintenance and repair costs are expensed as incurred. Depreciation is calculated using the straight-line method over the established useful lives of the individual assets: buildings and improvements 10-39 years and furniture and equipment 3-5 years.

Long-Lived Assets

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Organization compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of the assets and is recorded in the period in which the determination was made. No indicators of impairment existed during the year ended December 31, 2021 or 2020.

Investment in Bingo Unit

The Organization has a passive interest in a bingo unit whose net earnings are split among several local nonprofits. It is measured at net asset value per share as a practical expedient to fair value. There are no unfunded commitments related to it, and the Organization's interest may be redeemed at any time upon transfer to the other nonprofits.

Fair Value Measurements

The carrying amounts for cash equivalents, pledges receivable and accrued expenses approximate fair value due to the short-term nature of those instruments.

Net Asset Classification

The Organization classifies its net assets into two categories as follows:

Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These may be used for any purpose or designated for specific purposes by action of the Board of Directors.

With Donor Restrictions – (1) Net assets which are subject to donor-imposed purpose restrictions or which expire by the passage of time. (2) Net assets subject to donor-imposed stipulations that the corpus be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. These are often referred to as endowments. The Organization records donor restricted contributions received and expended in the same year as being without donor restrictions.

Reclassification

Certain items on the statement of functional expense for the year ended December 31, 2020 have been reclassified and presented for consistency with presentation for the year ended December 31, 2021.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

Contributions and Grants

Contributions and grants are received from individuals, groups and foundations. Contributions are recognized when the donor makes an unconditional promise to give (pledge) to the Organization. Grants are recognized when notice is received. Contributions that are restricted by the donor, for either purpose or time, are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Special Events

Special event income (exchange portion) represents the portion of ticket prices for the Organization's annual fundraising gala for which attendees receive direct benefits, such as food and entertainment, as well as auction and raffle ticket sales. Performance obligations are generally met throughout the entire event. Payments consist of fixed fees and are due in advance. Revenue is recognized upon completion of the event. There were no unsatisfied performance obligations as of December 31, 2021 or 2020. During the year ended December 31, 2020, the annual fundraising gala event was not held.

Donated Assets, Materials and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated services are recognized as contributions if the services a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated materials consist of food and other items used in the operations of the Organization's mission. The Organization recognized donated materials and services aggregating approximately \$383,600 and \$357,600 for the years ended December 31, 2021 and 2020, respectively.

Investment earnings

Investment earnings are from the investment in a bingo unit and are recorded as received.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses

The costs of program and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Many costs are identified with a specific program or supporting function when incurred and are reported accordingly. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the functions benefited on a reasonable and consistent basis. As such, conference, contract service, employee compensation, insurance, travel, and other expenses are allocated based on estimates of time and effort, and depreciation and occupancy expenses are allocated based on estimates of usage.

Income Tax

The Organization has been determined by the Internal Revenue Service to be a 501(c)(3) charitable organization exempt from federal income taxes. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. During the years ended December 31, 2021 and 2020, the Organization had net unrelated business income of approximately \$135,000 and \$58,000, respectively, derived from its investment in a bingo unit, which resulted in taxes of approximately \$28,000 and \$7,000, respectively.

Management has concluded that any tax positions which would not meet the more-likely-than-not criterion of financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, **Accounting for Income Taxes**, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded or accrued. Federal and state tax returns of the Organization are generally open to examination by the relevant taxing authorities for a period of three years from the date on which the returns are filed.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. At times, the Organization had cash on deposit with financial institutions and brokerages that exceeded federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

The Organization monitors the credit worthiness of each pledge receivable account and records an allowance for estimated bad debts based on accounts that are determined to be uncollectible. At December 31, 2021 and 2020, the allowance for estimated bad debt is \$20,000 and \$0, respectively.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2021. The Organization is required to implement this ASU for the year ended December 31, 2022. Management is currently assessing the impact, if any, based on adoption of this ASU.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for periods beginning after December 15, 2021. Early adoption is permitted. The Organization has elected not to early adopt this ASU as of December 31, 2021. The Organization is required to implement this ASU for the year ended December 31, 2022. Management is currently assessing the impact, if any, based on adoption of this ASU.

NOTE 3: LIQUIDITY AND AVAILABILITY

The financial assets of the Organization available within one year of the balance sheet date for general expenditures are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 413,721	\$ 581,688
Restricted cash	-	221,769
Pledges receivable, net (current)	16,043	51,227
Financial assets available at year	429,764	854,684
Less unavailable within one year:		
Restricted for new facility	-	(1,223,917)
Restricted for programs	(18,436)	(419)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 411,328</u>	<u>\$ (369,652)</u>

The Organization's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. Actual performance is reported and monitored monthly in comparison to the budgets. Adjustments are made to plan as needed to ensure adequate liquidity. Additionally, the Organization had a \$1.5 million construction loan available August 2020 through February 2021, which was not needed to fund the new facility construction. The Organization also has an unused line of credit with a bank for \$300,000 (Note 6).

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Expected to be collected in:		
Less than one year	\$ 36,043	\$ 51,227
One to five years	-	16,666
	<u>36,043</u>	<u>67,893</u>
Allowance for doubtful accounts	(20,000)	-
Unamortized discount	-	(3,223)
	<u>\$ 16,043</u>	<u>\$ 64,670</u>

For the year ended December 31, 2020, present value discount rates between 3.54% to 3.74% were used for long-term pledges receivable, which are based on the 10-year average performance of the total bond market at the date of the pledge. For the year ended December 31, 2021, all pledges receivable are current; therefore, no discount is recorded.

NOTE 5: FIXED ASSETS

Fixed assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$2,991,451	\$ 778,008
Furniture and equipment	242,129	154,620
Land improvements	79,854	56,887
Land	132,000	132,000
Construction in progress	-	1,910,135
	<u>3,445,434</u>	<u>3,031,650</u>
Less accumulated depreciation	(97,088)	(67,492)
	<u>\$3,348,346</u>	<u>\$2,964,158</u>

Depreciation expense was approximately \$29,000 and \$20,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6: LINE OF CREDIT

The Organization has a revolving line of credit from a bank of \$300,000 which matures in June 2024 (being extended subsequent to year end). Interest is at prime (3.25% at December 31, 2021) plus 0.5% with a floor of 3.75%, payable monthly. This line is secured by certain real estate. There was no outstanding balance at December 31, 2021 or 2020.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
New facility (purpose)	\$ -	\$ 698,515
New facility (purpose and time)	-	525,402
Expansion (purpose)	7,517	-
First Step/Community (time)	10,919	419
	<u>\$18,436</u>	<u>\$1,224,336</u>

NOTE 8: DONATED MATERIALS AND SERVICES

The Organization recognized the following donations received during the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>Purpose</u>
Food	\$146,629	\$143,223	First Step
Overnight and facilitator services	183,219	106,367	First Step
Artwork and house furnishings	-	22,000	New facility
Household supplies	10,988	19,224	Program/support
Supplies	15,396	-	Program/support
Legal services	24,570	-	Program/support
Marketing services	-	26,000	Fundraising
Marketing services	-	36,323	Program/support
Computers	2,764	1,200	Program/support
Online raffle items	-	3,300	Fundraising
Total	<u>\$383,566</u>	<u>\$357,637</u>	

Additionally, during the years ended December 31, 2021 and 2020, respectively, the Organization benefited from about 11,900 and 5,900 hours' worth of services from various volunteers who transported and sorted donated food, planned the fundraising event (in 2021), and provided other assistance throughout the year. The value of their services has not been recognized in the accompanying financial statements because such services do not meet the criteria for recognition.

NOTE 9: RELATED PARTIES

Related party contributions for the years ended December 31, 2021 and 2020 included approximately \$131,500 and \$64,000, respectively, from board members and top management, including relevant family members and associated entities.

THE MAGDALEN HOUSE
Notes to Financial Statements - Continued
December 31, 2021 and 2020

NOTE 10 – COMMITMENTS

In December 2020, the Organization sold its primary location on Redwood in Dallas, Texas in anticipation of occupation of the newly renovated facility on Gaston in Dallas, Texas. The Organization temporarily leased back the Redwood location from the buyer at the rate of \$58 per day until the Gaston location was ready for occupation in April 2021.

NOTE 11 – CONCENTRATIONS

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. As of December 31, 2021 and 2020, uninsured deposits totaled approximately \$130,000 and \$502,000, respectively. Cash is placed in established financial institutions to minimize any associated risk.

NOTE 12 – IMPACT OF COVID-19 AND THE PAYCHECK PROTECTION PROGRAM LOAN

During the spring of 2020, a worldwide pandemic related to the coronavirus virtually shut down the U.S. economy for several months. During this time, the Organization had to cancel its annual fundraising gala event in 2020. The Organization also experienced a reduction in donations. Additionally, a significant disruption in its Community program resulted from the need to adhere to social distancing rules (intakes to First Step were still being accepted), so the Organization pivoted to offer this program remotely.

In April 2020, the Organization obtained a \$109,564 loan from the federal government's payroll protection program ("PPP") as part of the relief efforts related to COVID-19 and administered by the Small Business Administration to mitigate the lost revenues and keep employees on the payroll. In April 2021, the Small Business Administration forgave the entire loan balance. The amount forgiven is shown as contribution income on the statement of activities.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events have been evaluated for potential recognition or disclosure through November 17, 2022, which is the date the financial statements were available to be issued.

Subsequent to year end, an anonymous donor set up a charitable giving account and has donated \$315,000 into the account.