

# THE MAGDALEN HOUSE

Financial Statements  
(With Independent Auditor's Report Thereon)

December 31, 2022 and 2021

**THE MAGDALEN HOUSE**  
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December 31, 2022 and 2021

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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, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, 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, 2022 and 2021, 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  
July 20, 2023

**THE MAGDALEN HOUSE**  
 Statements of Financial Position  
 December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 434,280	\$ 413,721
Pledges receivable, net	22,451	16,043
Promotional items on hand	6,478	6,478
Prepaid expenses	38,026	26,415
Investment in bingo unit	65,451	65,451
Fixed assets, net	<u>3,805,069</u>	<u>3,348,346</u>
 Total assets	 <u>\$ 4,371,755</u>	 <u>\$ 3,876,454</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ <u>145,377</u>	\$ <u>108,641</u>
 <b>Net Assets:</b>		
Without donor restrictions	3,654,879	3,749,377
With donor restrictions	<u>571,499</u>	<u>18,436</u>
Total net assets	<u>4,226,378</u>	<u>3,767,813</u>
 Total liabilities and net assets	 <u>\$ 4,371,755</u>	 <u>\$ 3,876,454</u>

See accompanying notes and independent auditor's report.

**THE MAGDALEN HOUSE**  
Statements of Activities and Changes in Net Assets

	<u>Year Ended December 31, 2022</u>			<u>Year Ended December 31, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue:</b>						
Contributions and grants	\$ 223,370	\$ 1,258,500	\$ 1,481,870	\$ 384,117	\$ 672,148	\$ 1,056,265
Special events, net of direct costs	176,423	-	176,423	162,042	-	162,042
Gifts in-kind: special events auction	39,804	-	39,804	67,638	-	67,638
Gifts in-kind: fundraising auction	8,212	-	8,212	2,044	-	2,044
Gifts in-kind: materials and services	466,076	-	466,076	383,566	-	383,566
Gifts in-kind: property, less impairment	550,000	-	550,000	-	-	-
Investment earnings	59,592	-	59,592	135,167	-	135,167
Other income	11,136	-	11,136	9,846	-	9,846
	<u>1,534,613</u>	<u>1,258,500</u>	<u>2,793,113</u>	<u>1,144,420</u>	<u>672,148</u>	<u>1,816,568</u>
<b>Net Assets Released- Purpose Restrictions:</b>	<u>705,437</u>	<u>(705,437)</u>	<u>-</u>	<u>1,878,048</u>	<u>(1,878,048)</u>	<u>-</u>
Total support and revenue	<u>2,240,050</u>	<u>553,063</u>	<u>2,793,113</u>	<u>3,022,468</u>	<u>(1,205,900)</u>	<u>1,816,568</u>
<b>Expenses:</b>						
Program services	1,648,896	-	1,648,896	1,244,864	-	1,244,864
<u>Supporting services:</u>						
General and administrative	239,594	-	239,594	236,040	-	236,040
Fundraising	348,628	-	348,628	248,635	-	248,635
Expansion	97,430	-	97,430	170,950	-	170,950
Total supporting services	<u>685,652</u>	<u>-</u>	<u>685,652</u>	<u>655,625</u>	<u>-</u>	<u>655,625</u>
Total expenses	<u>2,334,548</u>	<u>-</u>	<u>2,334,548</u>	<u>1,900,489</u>	<u>-</u>	<u>1,900,489</u>
<b>Change in net assets</b>	(94,498)	553,063	458,565	1,121,979	(1,205,900)	(83,921)
<b>Net assets at beginning of year</b>	<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>
<b>Net assets at end of year</b>	<u>\$ 3,654,879</u>	<u>\$ 571,499</u>	<u>\$ 4,226,378</u>	<u>\$ 3,749,377</u>	<u>\$ 18,436</u>	<u>\$ 3,767,813</u>

See accompanying notes and independent auditor's report.

**THE MAGDALEN HOUSE**  
Statement of Functional Expenses  
Year Ended December 31, 2022  
(With Comparative Totals for the Year Ended December 31, 2021)

	<b>Supporting Services</b>				<b>Total 2022</b>	<b>Total 2021</b>
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Expansion</b>		
Employee compensation	\$ 877,438	\$ 87,535	\$ 237,030	\$ 39,241	\$ 1,241,244	\$ 1,040,784
In-kind: food, services, raffle	466,549	-	-	355	466,904	372,578
Contract services	55,585	96,527	9,025	30	161,167	93,561
Depreciation and amortization	93,263	14,603	15,547	-	123,413	59,137
Facilities and equipment	84,208	13,185	8,128	5,910	111,431	151,525
Fundraising: venue, food, entertainment	-	288	58,597	51	58,936	38,658
Taxes	21,238	12,502	904	19,641	54,285	38,164
Advertising and promotion	16,000	-	4,000	32,000	52,000	8,000
Office	14,833	14,898	15,310	202	45,243	21,782
Supplies	19,782	56	87	-	19,925	19,633
Bad debt	-	-	-	-	-	20,000
Builder fee-Gaston property	-	-	-	-	-	36,667
<b>TOTAL EXPENSES 2022</b>	<b>\$ 1,648,896</b>	<b>\$ 239,594</b>	<b>\$ 348,628</b>	<b>\$ 97,430</b>	<b>\$ 2,334,548</b>	
<b>TOTAL EXPENSES 2021</b>	<b>\$ 1,244,864</b>	<b>\$ 236,040</b>	<b>\$ 248,635</b>	<b>\$ 170,950</b>		<b>\$ 1,900,489</b>

See accompanying notes and independent auditor's report.

**THE MAGDALEN HOUSE**  
Statement of Functional Expenses  
Year Ended December 31, 2021

	<u>Supporting Services</u>				<b>Total 2021</b>
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Expansion</b>	
Employee compensation	\$ 730,802	\$ 43,510	\$ 220,695	\$ 45,777	\$ 1,040,784
In-kind: food, services, raffle	348,008	24,570	-	-	372,578
Facilities and equipment	71,891	19,043	8,644	51,947	151,525
Contract services	15,000	77,396	-	1,165	93,561
Depreciation and amortization	28,058	7,432	3,373	20,274	59,137
Fundraising: venue, food, entertainment	25,050	84	9,841	3,683	38,658
Taxes	433	37,731	-	-	38,164
Builder fee-Gaston property	-	-	-	36,667	36,667
Office	7,866	6,639	5,761	1,516	21,782
Bad debt	-	20,000	-	-	20,000
Supplies	17,756	(365)	321	1,921	19,633
Advertising and promotion	-	-	-	8,000	8,000
<b>TOTAL EXPENSES 2021</b>	<b>\$ 1,244,864</b>	<b>\$ 236,040</b>	<b>\$ 248,635</b>	<b>\$ 170,950</b>	<b>\$ 1,900,489</b>

See accompanying notes and independent auditor's report.



**THE MAGDALEN HOUSE**  
 Statements of Cash Flows  
 Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 458,565	\$ (83,921)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	123,413	59,137
Contributions restricted for new facility	-	(18,542)
Bad debt	-	20,000
Non-cash donation of land	(550,000)	-
Unrealized gains for long-term investment in bingo unit	(58,131)	(131,371)
Loss on disposal of asset	8,675	-
(Increase) decrease in:		
Pledges receivable	(6,408)	28,627
Prepaid expenses	(11,611)	(3,079)
Increase (decrease) in:		
Accounts payable and accrued expenses	36,736	9,511
Net cash provided by (used in) operating activities	1,239	(119,638)
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(38,811)	(413,159)
Distributions received from bingo unit	58,131	134,519
Net cash provided by (used in) investing activities	19,320	(278,640)
<b>Cash Flows from Financing Activities:</b>		
Receipt of contributions restricted for facility construction	-	18,542
Net cash provided by financing activities	-	18,542
Net change in cash and cash equivalents	20,559	(379,736)
Cash and cash equivalents at beginning of year	413,721	793,457
Cash and cash equivalents at end of year	\$ 434,280	\$ 413,721
<b>Supplemental Disclosure:</b>		
Non-cash fixed asset donation, net	\$ 550,000	\$ -
Cash paid for unrelated business income taxes	\$ 23,394	\$ 28,039
Cash paid for interest	\$ 145	\$ 130

See accompanying notes and independent auditor's report.

**THE MAGDALEN HOUSE**  
Notes to Financial Statements  
December 31, 2022 and 2021

**NOTE 1: ORGANIZATION AND NATURE OF BUSINESS**

The Magdalen House (the “Organization”) is a Texas 501 (c) (3) 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, Next 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. Next Step is a three-phase nonresidential recovery program offered at no cost, which lasts approximately 3 months, and provides structure and education on foundational tools to any alcoholic women seeking to sustain and grow in their recovery. 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 and Cash Equivalents**

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.

**Pledges Receivable**

Pledges receivable are included in the statement of financial position, net of 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, 2022 and 2021

**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.

During the year ended December 31, 2022, property valued at \$775,000 was donated to the Organization. Impairment loss of \$225,000 was recorded for the year ending December 31, 2022, based on the subsequent sale of the property in April 2023 for less than the original donated value. This is included in the statement of activities for the year ended December 31, 2022 as gifts in-kind: property, less impairment. The net proceeds of the sale of the property are restricted by the donor for expansion of a new men's program.

**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.

**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 and tennis tournament 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 and for the years ended December 31, 2022 or 2021.

***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, raffle items for auction and other items used in the operations of the Organization's mission.

***Investment Earnings***

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

**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.

**Reclassifications**

Direct costs for special events aggregating approximately \$264,000 were reclassified to net with special events revenue for the year ended December 31, 2021. These had previously been classified as expenses in the statements of activities and changes in net assets for the year ended December 31, 2021.

**THE MAGDALEN HOUSE**  
Notes to Financial Statements - Continued  
December 31, 2022 and 2021

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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, 2022 and 2021, the Organization had net unrelated business income of approximately \$58,000 and \$135,000, respectively, derived from its investment in a bingo unit, which resulted in taxes of approximately \$12,000 and \$28,000, 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, 2022 and 2021, the allowance for estimated bad debt is \$20,000 for each year end.

**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 Organization has implemented this ASU for the year ended December 31, 2022 without a material impact to the financial statements.

**THE MAGDALEN HOUSE**  
Notes to Financial Statements - Continued  
December 31, 2022 and 2021

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 434,280	\$ 413,721
Pledges receivable, net (current)	22,451	16,043
Financial assets available at year end	456,731	429,764
Less unavailable within one year:		
Restricted for programs	<u>(571,499)</u>	<u>(18,436)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (114,768)</u>	<u>\$ 411,328</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. Of the \$571,499 restricted for programs, \$550,000 represents the donated property sold in April 2023. Therefore, liquidity upon the sale increased by \$550,000 subsequent to year end. Additionally, the Organization has an unused line of credit with a bank for \$300,000 (Note 6).

**NOTE 4: PLEDGES RECEIVABLE**

Pledges receivable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Expected to be collected in:		
Less than one year	\$ 42,451	\$ 36,043
Allowance for doubtful accounts	<u>(20,000)</u>	<u>(20,000)</u>
	<u>\$ 22,451</u>	<u>\$ 16,043</u>

For the years ended December 31, 2022 and 2021, respectively, all pledges receivable are current; therefore, no discount is recorded.

**THE MAGDALEN HOUSE**  
Notes to Financial Statements - Continued  
December 31, 2022 and 2021

**NOTE 5: FIXED ASSETS**

Fixed assets consisted of the following:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 3,383,894	\$ 2,991,451
Furniture and equipment	255,822	242,129
Land improvements	79,854	79,854
Land	462,000	132,000
	<u>4,235,119</u>	<u>3,445,434</u>
Less accumulated depreciation	(205,050)	(97,088)
	<u>\$ 4,030,069</u>	<u>\$ 3,348,346</u>

Depreciation expense was approximately \$123,000 and \$59,000 for the years ended December 31, 2022 and 2021, 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. Interest is at prime (7.5% at December 31, 2022) plus 0.5% with a floor of 7.50%, payable monthly. This line is secured by certain real estate. There was no outstanding balance at December 31, 2022 or 2021.

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Expansion-men's program	\$ 557,517	\$ 7,517
First Step/Community	13,982	10,919
	<u>\$ 571,499</u>	<u>\$ 18,436</u>

**NOTE 8: CONTRIBUTED NONFINANCIAL ASSETS**

The Organization recognized the following contributed nonfinancial assets during the years ended December 31:

	<u>2022</u>	<u>2021</u>	<u>Purpose</u>
Food	\$ 259,739	\$ 146,629	First Step
Overnight and facilitator services	206,337	183,219	First Step
Property, net of impairment	550,000	-	Men's program
Household supplies	-	10,988	Program/support
Supplies	-	15,396	Program/support
Legal services	-	24,570	Program/support
Marketing services	-	-	Program/support
Computers	-	2,764	Program/support
Auction/raffle items	48,016	69,682	Fundraising
Total	<u>\$ 1,064,092</u>	<u>\$ 453,248</u>	

**THE MAGDALEN HOUSE**  
Notes to Financial Statements - Continued  
December 31, 2022 and 2021

**NOTE 8: CONTRIBUTED NONFINANCIAL ASSETS-CONTINUED**

Additionally, during the years ended December 31, 2022 and 2021, respectively, the Organization benefited from about 11,400 and 11,900 hours' worth of services from various volunteers who transported and sorted donated food, planned the fundraising events, 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: SPECIAL EVENTS**

The Organization conducted fund-raising events as follows:

		Year Ended December 31,					
		2022			2021		
		Receipts	Direct Costs	Net Proceeds	Receipts	Direct Costs	Net Proceeds
Gala event	\$	398,989	\$ 217,996	\$ 180,993	\$ 438,778	\$ 234,484	\$ 204,294
Tennis event		57,954	22,720	35,234	55,288	29,902	25,386
	\$	456,943	\$ 240,716	\$ 216,227	\$ 494,066	\$ 264,386	\$ 229,680

**NOTE 10: RELATED PARTIES**

Related party contributions for the years ended December 31, 2022 and 2021 included approximately \$117,000 and \$131,500, respectively, from board members and management, including relevant family members and associated entities.

**NOTE 11: CONCENTRATIONS**

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. As of December 31, 2022 and 2021, uninsured deposits totaled approximately \$132,000 and \$130,000, respectively. Cash is placed in established financial institutions to minimize any associated risk.

At December 31, 2022, approximately 59% of the Organization's receivables were due from one donor. At December 31, 2021, approximately 55% of the Organization's receivables were due from another donor. As of December 31, 2022, the balance from fiscal year 2021 has not been paid and is fully reserved.

At December 31, 2022, approximately 20% of the Organization's revenue was due from one donor. At December 31, 2021, there was no such concentration of revenue.

**NOTE 12: SUBSEQUENT EVENTS**

Subsequent events have been evaluated for potential recognition or disclosure through July 20, 2023, which is the date the financial statements were available to be issued.

Property donated during the year ended December 31, 2022 was sold in April 2023 for \$550,000.