

CENTER FOR RESPITE CARE, INC.
FINANCIAL STATEMENTS
For the Years Ended March 31, 2021 and 2020

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CENTER FOR RESPITE CARE, INC.

BOARD OF DIRECTORS

For the Year Ended March 31, 2021

Board of Directors

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Chair

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Past Chair

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Treasurer

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Secretary

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Joseph J. Pflum, M.D.

Martha Schueler

Christopher T. Tassone

Lori Uphaus

Corey Winfrey

Administration

Laurel Nelson
Chief Executive Officer

Independent Auditor's Report

To the Board of Directors of the Center for Respite Care, Inc.

We have audited the accompanying financial statements of the Center for Respite Care, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Respite Care, Inc. as of March 31, 2021 and 2020, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
June 14, 2021

Center for Respite Care, Inc. Statements of Financial Position March 31, 2021 and 2020

ASSETS	2021	Reclassified 2020
Current Assets		
Cash and cash equivalents	\$ 364,404	\$ 157,803
Investments, at fair market value	1,038,410	836,803
Grants receivable	84,135	112,619
Prepaid and other assets	4,780	1,800
Total Current Assets	<u>1,491,729</u>	<u>1,109,025</u>
Property and Equipment		
Capital assets, net of depreciation	459,306	515,346
Total Property and Equipment	<u>459,306</u>	<u>515,346</u>
TOTAL ASSETS	<u><u>\$ 1,951,035</u></u>	<u><u>\$ 1,624,371</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,305	\$ 1,747
Accrued payables	38,501	63,061
PPP loan	168,300	-
Total Current Liabilities	<u>215,106</u>	<u>64,808</u>
TOTAL LIABILITIES	<u>215,106</u>	<u>64,808</u>
NET ASSETS		
Without donor restrictions	1,718,429	1,531,563
With donor restrictions	17,500	28,000
TOTAL NET ASSETS	<u>1,735,929</u>	<u>1,559,563</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,951,035</u></u>	<u><u>\$ 1,624,371</u></u>

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

CENTER FOR RESPITE CARE, INC. STATEMENT OF ACTIVITIES For the Year Ended March 31, 2021
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	2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2021
PUBLIC SUPPORT AND OTHER REVENUE			
Government grants	\$ 341,473	\$ 168,300	\$ 509,773
Health care organization contributions	242,850	-	242,850
Foundation grants	-	249,108	249,108
Annual campaign and other contributions	134,115	-	134,115
In-kind contributions	66,000	-	66,000
Fees and other income	107	-	107
Special events, net of expenses	93,109	-	93,109
Investment income			
Investment income, net of fees	13,847	-	13,847
Realized gains and losses, net	18,093	-	18,093
Unrealized gains and losses, net	169,509	-	169,509
Released from restrictions	427,908	(427,908)	-
TOTAL PUBLIC SUPPORT AND OTHER REVENUE	1,507,011	(10,500)	1,496,511
EXPENSES			
Program services	1,157,232	-	1,157,232
Management and general	76,011	-	76,011
Fundraising	86,902	-	86,902
TOTAL EXPENSES	1,320,145	-	1,320,145
CHANGE IN NET ASSETS	186,866	(10,500)	176,366
NET ASSETS AT BEGINNING OF YEAR	1,531,563	28,000	1,559,563
NET ASSETS AT END OF YEAR	\$ 1,718,429	\$ 17,500	\$ 1,735,929

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

CENTER FOR RESPITE CARE, INC. STATEMENT OF ACTIVITIES For the Year Ended March 31, 2020
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	2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2020
PUBLIC SUPPORT AND OTHER REVENUE			
Government grants	\$ 284,328	\$ 40,000	\$ 324,328
Health care organization contributions	352,650	-	352,650
Foundation grants	-	230,000	230,000
Annual campaign and other contributions	111,639	-	111,639
In-kind contributions	66,000	-	66,000
Fees and other income	68	-	68
Special events, net of expenses	95,494	-	95,494
Investment income			
Investment income, net of fees	17,106	-	17,106
Realized gains and losses, net	7,596	-	7,596
Unrealized gains and losses, net	(47,192)	-	(47,192)
Released from restrictions	272,000	(272,000)	-
TOTAL PUBLIC SUPPORT AND OTHER REVENUE	1,159,689	(2,000)	1,157,689
EXPENSES			
Program services	1,108,723	-	1,108,723
Management and general	54,426	-	54,426
Fundraising	123,721	-	123,721
TOTAL EXPENSES	1,286,870	-	1,286,870
CHANGE IN NET ASSETS	(127,181)	(2,000)	(129,181)
NET ASSETS AT BEGINNING OF YEAR	1,658,744	30,000	1,688,744
NET ASSETS AT END OF YEAR	\$ 1,531,563	\$ 28,000	\$ 1,559,563

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

CENTER FOR RESPITE CARE, INC. STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended March 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Personnel Costs	\$ 874,387	\$ 70,053	\$ 56,426	\$ 1,000,866
Operating Expenses				
Client meals	2,213	-	-	2,213
Client personal needs	5,608	-	-	5,608
Client transportation	6,464	-	-	6,464
Client medications, medical supplies, labs	1,968	-	-	1,968
Other client costs	4,924	-	-	4,924
Facility costs	81,299	1,631	817	83,747
Fundraising	-	-	3,759	3,759
Insurance	12,673	1,013	127	13,813
Office supplies	7,807	341	66	8,214
Other expenses	4,153	-	4,757	8,910
Printing and postage	3,847	195	756	4,798
Professional fees	31,530	1,523	19,634	52,687
Travel	-	134	-	134
Physician services, in-kind	66,000	-	-	66,000
Total Operating Expenses	<u>228,486</u>	<u>4,837</u>	<u>29,916</u>	<u>263,239</u>
Depreciation and amortization expense	<u>54,359</u>	<u>1,121</u>	<u>560</u>	<u>56,040</u>
Total Expenses	<u>\$ 1,157,232</u>	<u>\$ 76,011</u>	<u>\$ 86,902</u>	<u>\$ 1,320,145</u>

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

CENTER FOR RESPITE CARE, INC. STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended March 31, 2020

	Program	Management and General	Fund Raising	Total Expenses
Personnel Costs	\$ 806,980	\$ 49,609	\$ 69,244	\$ 925,833
Operating Expenses				
Client meals	2,305	-	-	2,305
Client personal needs	9,873	-	-	9,873
Client transportation	9,933	-	-	9,933
Client medications, medical supplies, labs	5,216	-	-	5,216
Other client costs	5,032	-	-	5,032
Facility costs	84,672	1,646	823	87,141
Fundraising	-	-	6,168	6,168
Insurance	13,920	296	135	14,351
Office supplies	3,611	21	262	3,894
Other expenses	6,572	407	4,450	11,429
Printing and postage	6,175	206	789	7,170
Professional fees	25,468	318	41,263	67,049
Travel	8,612	802	27	9,441
Physician services, in-kind	66,000	-	-	66,000
Total Operating Expenses	<u>247,389</u>	<u>3,696</u>	<u>53,917</u>	<u>305,002</u>
Depreciation and amortization expense	<u>54,354</u>	<u>1,121</u>	<u>560</u>	<u>56,035</u>
Total Expenses	<u>\$ 1,108,723</u>	<u>\$ 54,426</u>	<u>\$ 123,721</u>	<u>\$ 1,286,870</u>

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

CENTER FOR RESPITE CARE, INC. STATEMENTS OF CASH FLOWS For the Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>Reclassified 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 176,366	\$ (129,181)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,040	56,035
Realized loss (gain) on investments	(18,093)	(7,596)
Unrealized (gain) loss on investments	(169,509)	47,192
Change in assets and liabilities:		
Grants receivable	28,484	31,106
Contributions receivable	-	4,000
Prepays and other assets	(2,980)	3,529
Accounts payable	6,558	(5,007)
Accrued expenses	(24,560)	5,060
NET CHANGE IN CASH FROM OPERATING ACTIVITIES	<u>52,306</u>	<u>5,138</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	180,343	134,640
Purchase of investments	(194,348)	(129,405)
NET CHANGE IN CASH FROM INVESTING ACTIVITIES	<u>(14,005)</u>	<u>5,235</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	168,300	-
NET CHANGE IN CASH FROM FINANCING ACTIVITIES	<u>168,300</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	206,601	10,373
BEGINNING CASH AND CASH EQUIVALENTS	<u>157,803</u>	<u>147,430</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 364,404</u>	<u>\$ 157,803</u>

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

CENTER FOR RESPITE CARE, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020
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ORGANIZATION

The Center for Respite Care, Inc. is a 24-hour facility providing medical and nursing care to sick homeless people to promote effective healing. Clients receive quality, holistic medical care and assistance in resolving the issues keeping them homeless.

Clients requiring medical recovery are referred from area hospitals or are admitted directly from homeless shelters by the medical staff of the Health Care for the Homeless Program. Key elements of the program include:

1. Meeting immediate needs of homeless — Respite provides a bed, three healthy meals each day, showers, laundry facilities and clothing as needed;
2. Medical care — Medical care includes medical evaluation, limited lab testing, nursing care, health education, coordination of medications, medical and mental health follow-up care or surgeries.

The Organization is a non-profit organization exempt from tax under Internal Revenue Code Section 501(c)3 and the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Code. There was no unrelated business income at March 31, 2021 or 2020.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statements of financial position and 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the statements of activities.

Grants Receivable

Grants are recognized in full, at the time of the award, and a receivable is accrued. Grants have a very low risk of non-payment, therefore, no allowance for doubtful accounts is required at year-end.

Unconditional Promises to Give

The Organization recognizes, as contribution revenue, promises to give in their entirety at the date of the gift; an unconditional promise to give receivable of an equal amount is also accrued. These gifts are reviewed annually to determine if an allowance for doubtful accounts should be established.

CENTER FOR RESPITE CARE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

Property and Equipment

Property is stated at cost at the date of acquisition or fair market value at the date of the gift. These assets are depreciated using the straight-line method over the estimated useful life of the asset, generally three to five years for furniture and equipment. Property and equipment held under capital leases and leasehold improvements are amortized on the straight-line method over the shorter of the lease terms or estimated useful lives of the assets, generally 10 – 20 years. Fixed assets over \$2,000 are capitalized.

Programs

The program groupings shown in the financial statements are *Medical Recovery* which includes supervised post-hospital recovery for indigent individuals or individuals who may not otherwise receive the necessary recovery care.

Contributions

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, those net assets are reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recorded at their net realizable value. Gifts are considered to be available for unrestricted use or designation by the governing board unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of receipt.

Functional Expenses

Salaries and related expenses are charged to program services based on the estimated time spent by personnel on the various programs. Expenses are charged directly to a program when the expenses are specifically identifiable with the program. Other expenses are allocated to the various programs based on budgeted amounts allowed by the funding source.

Estimates

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

Concentration

Grants from federal, state, and local government agencies provide 39.4 percent and 27.4 percent of the Organization's funding for the years ended March 31, 2021 and 2020, respectively.

CENTER FOR RESPITE CARE, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020
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Net Assets

Resources are classified into two net assets categories according to the existence or absence of donor-imposed restrictions:

1) Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions:

Undesignated - Undesignated net assets include the assets and liabilities associated with the principal mission of the Organization, including its net property and equipment.

2) Net Assets With Donor Restrictions include grants and contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity.

NOTE B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, without donor restrictions limiting their use, comprise the following at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 364,404	\$ 157,803
Investments	1,038,410	836,803
Grants receivable	84,135	112,619
Unconditional promises to give	-	-
Gifts with donor restrictions	(17,500)	(28,000)
Available for operations	<u>\$ 1,469,449</u>	<u>\$ 1,079,225</u>

Donations In-kind

Donated services and goods are reflected in the accompanying financial statements at an estimate of their fair market value. Amounts are not recorded for donated services and goods if no objective basis is available to measure the value of such services.

NOTE C – INVESTMENTS

At March 31, 2021 and 2020, the Organization had investments at PNC Bank. At March 31, 2021 and 2020, the fair value of these investments were \$1,038,410 and \$836,803. Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Organization's investments are Level 1 investments. There are no Level 2 or Level 3 investments.

CENTER FOR RESPITE CARE, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020
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Investments as of March 31, 2021, are summarized as follows:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds				
Fixed income	\$ 524,216	\$ 524,216	\$ -	\$ -
Equities	497,716	497,716	-	-
Total mutual funds	<u>1,021,932</u>	<u>1,021,932</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
Money market funds	16,478	16,478	-	-
Total investments	<u>\$ 1,038,410</u>	<u>\$ 1,038,410</u>	<u>\$ -</u>	<u>\$ -</u>

Investments as of March 31, 2020, are summarized as follows:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds				
Fixed income	\$ 468,775	\$ 468,775	\$ -	\$ -
Equities	346,709	346,709	-	-
Total mutual funds	<u>815,484</u>	<u>815,484</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents				
Money market funds	21,319	21,319	-	-
Total investments	<u>\$ 836,803</u>	<u>\$ 836,803</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE D – GRANTS RECEIVABLE

Grants receivable at March 31, 2021 and 2020 are due from several local non-profit organizations. Total grants receivable as of March 31, 2021 and 2020 were \$84,135 and \$112,619, respectively.

NOTE E – PROPERTY AND EQUIPMENT

The Organization has elected to capitalize assets with a cost of \$2,000 or more. Capital assets are depreciated using the straight-line method and charged as an expense against operations; and accumulated depreciation is reported on the statement of net position. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Leasehold improvements	10-20 years
Furniture and equipment	3-5 years
Medical equipment	3-5 years

CENTER FOR RESPITE CARE, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2021 and 2020
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Capital assets activity for the year ended March 31, 2021 was as follows:

Asset	March 31, 2020	Additions	Deletions	March 31, 2021
Leasehold improvements	604,917	-	-	604,917
Furniture and equipment	78,534	-	-	78,534
Subtotal	683,451	-	-	683,451
Less: accumulated depreciation	(168,105)	(56,040)	-	(224,145)
Capital assets, net	<u>\$ 515,346</u>	<u>\$ (56,040)</u>	<u>\$ -</u>	<u>\$ 459,306</u>

NOTE F – LINE OF CREDIT

The Organization has a line of credit with a bank for \$50,000. The line has a \$175 annual fee and a variable interest rate of 6.250%. The amount outstanding on the line of credit was \$0 for the years ended March 31, 2021 and 2020. The Organization made no draws on the line of credit during the fiscal years ended March 31, 2021 and 2020.

NOTE G – DONATED SERVICES

For the years ended March 31, 2021 and 2020, \$66,000 and \$66,000 respectively, was recognized for the donated services of the physician. The physician's donated services are funded through Cincinnati Health Network, Inc.'s Healthcare for the Homeless Program.

NOTE H – SPECIAL EVENTS

The Organization received total revenues of \$101,013 and \$113,758 from special events and incurred direct, related expenses of \$7,904 and \$18,264 for the years ended March 31, 2021 and 2020, respectively. The net of \$93,109 and \$95,494 for the years ended March 31, 2021 and 2020, respectively, are reported as *Special events, net* on the Statement of Activities.

NOTE I – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak developed rapidly in 2020 with a significant number of cases. The response has impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The Organization's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

At the beginning of the pandemic, the Organization's investment account's market value dropped significantly. The market value has subsequently increased to a value above pre-pandemic levels.

The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19:

- Limited occupancy for safety and to allow for two quarantine rooms
- Established an incentive for staff who are on the frontline keeping clients safe
- Approved two week COVID sick leave for staff if needed

CENTER FOR RESPITE CARE, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2021 and 2020

- Received emergency grant funding and PPP grant/loan which helped offset loss of operating revenue

NOTE J – PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 Global Pandemic, the Organization applied for and received a \$168,300 Federal Small Business Administration *Paycheck Protection Program* loan from a local bank. The loan program specified that these proceeds be used for payroll costs, rent, and utilities during the pandemic. As of March 31, 2021, the loan has been fully forgiven as the qualifications were met and the loan amount was recognized as a restricted grant on the income statement.

On January 11, 2021, the U.S. Small Business Administration, working with the Treasury Department, re-opened the Paycheck Protection Program for a second draw for borrowers. On January 25, 2021, the Organization was approved for a loan in the amount of \$168,300 pursuant to the Paycheck Protection Program. The Organization anticipates using all of the proceeds to make eligible payments, and therefore, expects substantially all of the loan will be forgiven.

NOTE K – RECLASSIFICATION OF PRIOR YEAR FINANCIAL STATEMENTS

We have reclassified a portion of the investment activity reported in Statements of Net Position and Cash Flows for March 31, 2020 to match current year reporting which more appropriately reports the cash and investment totals.

NOTE L – SUBSEQUENT EVENTS

The Organization's management has evaluated events through June 14, 2021, the date on which the financial statements were available for issue. The Organization has one event subsequent to March 31, 2021, but before the report date of June 14, 2021, as disclosed in Note J.