

**A WIDER CIRCLE, INC.**

**Financial Statements Together with  
Report of Independent Public Accountants**

**For the Years Ended September 30, 2022 and 2021**



**S B & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**SEPTEMBER 30, 2022 AND 2021**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS**

To the Board of Directors of  
A Wider Circle, Inc.

We have audited the statements of financial position of A Wider Circle, Inc. (the Organization) as of September 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its 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 controls 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.



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### ***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 controls. 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 controls 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 controls. 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 controls-related matters that we identified during the audit.

Owings Mills, Maryland  
May 15, 2023

**A WIDER CIRCLE, INC.**

**Statements of Financial Position  
As of September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash	\$ 906,592	\$ 1,892,411
Investments	182,583	122,937
Contributions and grants receivable, net	710,515	191,101
Furniture, home goods, and clothing inventory for distribution	448,000	391,020
Prepaid expenses and other assets	86,922	33,605
Property and equipment, net	6,234,796	6,534,680
<b>Total Assets</b>	<u>\$ 8,569,408</u>	<u>\$ 9,165,754</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 206,760	\$ 310,765
Accrued payroll and related items	37,867	27,518
Grant payable	490,000	910,000
Mortgage payable	2,342,659	2,416,402
<b>Total Liabilities</b>	<u>3,077,286</u>	<u>3,664,685</u>
<b>Net Assets</b>		
Without donor restrictions	5,044,539	5,200,132
With donor restrictions	447,583	300,937
<b>Total Net Assets</b>	<u>5,492,122</u>	<u>5,501,069</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,569,408</u>	<u>\$ 9,165,754</u>

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

**A WIDER CIRCLE, INC.**

**Statements of Activities and Changes in Net Assets  
For the Years Ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenue and Other Support</b>		
Contributions and other grants	\$ 5,080,486	\$ 5,126,878
Government grants	960,642	1,988,352
Federal grant - Paycheck Protection Program	-	604,914
Contributed furniture, home goods, and clothing	3,124,991	1,347,292
Contributed facilities	24,000	-
Investment income	2,554	4,839
Rental	37,500	-
Other	2,316	11,521
Net assets released from restrictions	178,000	160,540
<b>Total Revenue and Other Support</b>	<u>9,410,489</u>	<u>9,244,336</u>
<b>Expenses</b>		
Program services	8,357,868	6,836,959
Management and general	699,494	579,618
Fundraising	508,720	421,545
<b>Total Expenses</b>	<u>9,566,082</u>	<u>7,838,122</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u>(155,593)</u>	<u>1,406,214</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions and other grants	365,000	218,000
Investment (loss) / income	(40,354)	22,475
Net assets released from restrictions	(178,000)	(160,540)
<b>Change in Net Assets With Donor Restrictions</b>	<u>146,646</u>	<u>79,935</u>
Changes in total net assets	(8,947)	1,486,149
Net assets, beginning of year	5,501,069	4,014,920
<b>Net Assets, End of Year</b>	<u>\$ 5,492,122</u>	<u>\$ 5,501,069</u>

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

**A WIDER CIRCLE, INC.**

**Statement of Functional Expenses  
For the Year Ended September 30, 2022, with Comparative Totals for 2021**

	2022				2021 Totals
	Program Services	Support Services		Total	
		Management and General	Fundraising		
Salaries	\$ 2,794,231	\$ 379,463	\$ 275,973	\$ 3,449,667	3,255,013
Payroll taxes	204,309	27,746	20,179	252,234	245,875
Benefits	205,780	27,945	20,324	254,049	111,295
<b>Total payroll-related costs</b>	<b>3,204,320</b>	<b>435,154</b>	<b>316,476</b>	<b>3,955,950</b>	<b>3,612,183</b>
Grants	-	-	-	-	1,281,294
Furniture and household supplies	3,105,389	-	-	3,105,389	1,190,920
Professional fees	696,690	94,612	68,809	860,111	457,510
Occupancy	402,670	54,684	39,770	497,124	384,210
Depreciation	253,946	34,486	25,081	313,513	190,343
Community outreach and supplies	141,173	19,172	13,943	174,288	141,548
Fees	72,770	9,882	7,187	89,839	92,099
Printing and reproduction	52,101	7,075	5,146	64,322	91,276
Insurance	45,951	6,240	4,538	56,729	90,572
Interest	94,927	-	-	94,927	89,951
Technology, internet, and web	69,925	9,496	6,906	86,327	76,390
Building maintenance and renovations	64,917	8,816	6,412	80,145	49,499
Postage and delivery	25,540	3,468	2,522	31,530	29,154
Telephone	22,745	3,089	2,246	28,080	18,677
Staff development	12,948	1,758	1,279	15,985	4,548
Travel	1,057	144	104	1,305	1,183
Property taxes	43,532	5,912	4,299	53,743	-
Dues and memberships	-	-	-	-	3,235
Family assistance	6,747	-	-	6,747	6,680
Non capitalized equipment	9,111	1,237	900	11,248	9,621
Miscellaneous	31,409	4,269	3,102	38,780	17,229
<b>Total Expenses</b>	<b>\$ 8,357,868</b>	<b>\$ 699,494</b>	<b>\$ 508,720</b>	<b>\$ 9,566,082</b>	<b>\$ 7,838,122</b>

The accompanying notes are an integral part of this financial statement.

**A WIDER CIRCLE, INC.**

**Statement of Functional Expenses  
For the Year Ended September 30, 2021**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries	\$ 2,636,561	\$ 358,051	\$ 260,401	\$ 3,255,013
Payroll taxes	199,159	27,046	19,670	245,875
Benefits	90,149	12,242	8,904	111,295
Total payroll-related costs	2,925,869	397,339	288,975	3,612,183
Grants	1,281,294	-	-	1,281,294
Furniture and household supplies	1,190,920	-	-	1,190,920
Professional fees	370,583	50,326	36,601	457,510
Rent	311,210	42,263	30,737	384,210
Depreciation	154,178	20,938	15,227	190,343
Community outreach and supplies	114,654	15,570	11,324	141,548
Fees	74,600	10,131	7,368	92,099
Printing and reproduction	73,934	10,040	7,302	91,276
Insurance	73,363	9,963	7,246	90,572
Interest	89,951	-	-	89,951
Technology, internet, and web	61,876	8,403	6,111	76,390
Building maintenance and renovations	40,094	5,445	3,960	49,499
Postage and delivery	23,615	3,207	2,332	29,154
Telephone	15,128	2,054	1,495	18,677
Staff development	3,684	500	364	4,548
Travel	958	130	95	1,183
Dues and memberships	2,620	356	259	3,235
Family assistance	6,680	-	-	6,680
Non capitalized equipment	7,793	1,058	770	9,621
Miscellaneous	13,955	1,895	1,379	17,229
<b>Total Expenses</b>	<b>\$ 6,836,959</b>	<b>\$ 579,618</b>	<b>\$ 421,545</b>	<b>\$ 7,838,122</b>

The accompanying notes are an integral part of this financial statement.



# A WIDER CIRCLE, INC.

## Statements of Cash Flows For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (8,947)	\$ 1,486,149
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Capital grant	-	(1,284,270)
Depreciation	313,513	190,343
Unrealized losses / (gains) on investments	42,975	(22,475)
Reinvested earnings	(2,621)	-
Forgiveness of note payable - Paycheck Protection Program	-	(604,914)
Effects of changes in non-cash operating assets and liabilities:		
Contributions and grants receivable, net	(519,414)	50,251
Furniture, home goods, and clothing inventory for distribution	(56,980)	(156,372)
Prepaid expenses and other assets	(53,317)	(1,057)
Accounts payable and accrued liabilities	(104,005)	186,028
Accrued payroll and related items	10,349	(1,514)
Grant payable	(420,000)	910,000
Deferred income	-	(138,431)
<b>Net Cash from Operating Activities</b>	<u>(798,447)</u>	<u>613,738</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(100,000)	(45,000)
Purchase of furniture and improvements to buildings	(13,629)	(1,585,992)
<b>Net Cash Flows from Investing Activities</b>	<u>(113,629)</u>	<u>(1,630,992)</u>
<b>Cash Flows from Financing Activities</b>		
Payments on mortgage payable	(73,743)	(70,572)
Building improvements from capital grant	-	1,284,270
<b>Net Cash from Financing Activities</b>	<u>(73,743)</u>	<u>1,213,698</u>
Net change in cash	(985,819)	196,444
Cash, beginning of year	1,892,411	1,695,967
<b>Cash, End of Year</b>	<u>\$ 906,592</u>	<u>\$ 1,892,411</u>
<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	<u>\$ 94,927</u>	<u>\$ 89,951</u>

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

## **A WIDER CIRCLE, INC.**

### **Notes to the Financial Statements September 30, 2022 and 2021**

#### **1. BACKGROUND OF THE ORGANIZATION**

A Wider Circle, Inc. (the Organization) is a 501(c)(3) charitable non-profit organization that was incorporated in the State of Maryland on October 1, 2001. The mission of the Organization is to end poverty using a holistic approach which integrates on-the-ground services for the creation of stable homes, workforce development, and neighborhood revitalization. The Organization also seeks to develop large-scale solutions that incorporate greater awareness and engagement by the community.

Each day, the Organization provides basic need items to families transitioning out of shelters or simply living without life's necessities. The Organization furnishes the homes of thousands of children and adults each year, all free of charge. The Organization also provides comprehensive workforce readiness programming, including job skills training and the provision of professional attire and accessories to more than 1,000 individuals annually. Additionally, the Organization's Neighborhood Partnerships Program offers individual and community-based programming from within two Washington, D.C. neighborhoods. Finally, the Organization serves individuals working towards sustained financial self-sufficiency through the Partnership to Independence, a long-term wraparound supportive initiative.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### **Use of Estimates**

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

##### Contributions and Grants Receivable, Net

The Organization receives grants from various entities, including foundations and government agencies. Unconditional grants are reported at fair value at the date the promise is received. Management assesses the collectability for each amount based on historic data. Management considers all amounts as of September 30, 2022 and 2021 to be fully collectible when due. Accordingly, an allowance for doubtful accounts has not been established.

## **A WIDER CIRCLE, INC.**

### **Notes to the Financial Statements September 30, 2022 and 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Furniture, Home Goods, and Clothing Inventory for Distribution**

Furniture, home goods, and clothing not distributed as of year-end are maintained in inventory and recorded as an asset. Inventory is carried at fair value based on the estimated costs of the item and review of prices at similar retail organizations. Inventory is expensed to program expense when distributed to clients.

##### **Property and Equipment, Net**

Property and equipment costing more than \$1,000, are recorded at cost, except for contributions of property and equipment, which are recorded at their fair values when received. The Organization records depreciation expense using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred.

##### **Net Assets**

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Organization has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

##### **Revenue and Other Support**

The Organization recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met.

Government grants are recognized as revenue when the expenses are incurred.

Contributions of furniture, home goods, and clothing are recognized at the value described in the inventory section above, when received. All other revenue is recognized when earned.

##### **In-Kind Contributions**

The Organization's mission is continued through contributions of furniture, home goods, clothing, and other necessities. These are recognized as contributed revenue when received in the accompanying statements of activities and changes in net assets.

# A WIDER CIRCLE, INC.

## Notes to the Financial Statements September 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated or directly coded among the program and support services that benefit from those costs. Management and general expenses include those expenses not directly identified with any other specific function but provide for the overall support and direction of the Organization. Shared costs were allocated based on time and effort.

#### Income Taxes

The Organization is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is recognized as such by the Internal Revenue Service.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions as of September 30, 2022 and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of September 30, 2022, the statute of limitations for fiscal years 2019 through 2022 remains open for the U.S. Federal jurisdiction tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

#### Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for general use within one year because of donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash	\$ 906,592	\$ 1,892,411
Investments	182,583	122,937
Contributions and grants receivable, net	710,515	191,101
	<u>1,799,690</u>	<u>2,206,449</u>
Less: amounts not available to be used within one year:		
Purpose restricted net assets	182,583	122,937
Time restricted net assets	91,293	74,032
Financial assets available to meet cash needs	<u>\$ 1,525,814</u>	<u>\$ 2,009,480</u>

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **Liquidity and Availability of Resources** (continued)

The Organization manages its liquidity following two principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Additionally, the Organization maintains a \$500,000 line of credit with a financial institution, as discussed in more detail in Note 9. As of September 30, 2022, \$500,000 remained available on the Organization's line of credit.

##### **Implemented Accounting Pronouncements**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets, and additional disclosures including qualitative information regarding the use of assets.

The Organization implemented this standard for the year ended September 30, 2022, and it did not have a material impact on the financial statements.

##### **Recent Accounting Pronouncement**

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the Organization to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases and Leases (Topic 842): Targeted Improvements*, which provides further clarity and transition options for adoption of FASB ASU No. 2016-02.

Management is evaluating the effect of the pronouncement on the financial statements and will implement this pronouncement by its effective date.

##### **Subsequent Events**

The Organization's management evaluated the accompanying financial statements for subsequent events and transactions through May 15, 2023, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable as of September 30, 2022 and 2021 included the following unconditional promises to give:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 619,222	\$ 117,069
Amounts due in one to five years	95,000	75,000
	<u>714,222</u>	<u>192,069</u>
Less: Discount of 4.06% and 0.98%, respectively	3,707	968
<b>Contributions and grants receivable, net</b>	<b><u>\$ 710,515</u></b>	<b><u>\$ 191,101</u></b>

#### 4. INVESTMENTS

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodology used as of September 30, 2022 and 2021.

*Equities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table, presents by level, the fair value hierarchy of the Organization's investments at fair value as of September 30, 2022 and 2021:

	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Equities	<u>\$ 182,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,583</u>
	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Equities	<u>\$ 122,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,937</u>

For the years ended September 30, 2022 and 2021, investment income consisted of:

	<u>2022</u>	<u>2021</u>
Unrealized (losses) / gains	\$ (42,975)	\$ 22,475
Investment interest income	5,371	4,839
Investment fees	(196)	-
<b>Total</b>	<b><u>\$ (37,800)</u></b>	<b><u>\$ 27,314</u></b>

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 5. PROPERTY AND EQUIPMENT

As of September 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>	<u>Useful Life</u>
Land	\$ 2,866,701	\$ 2,866,701	
Building	1,512,287	1,511,642	40 years
Building improvements	1,409,480	1,409,480	20 years
Leasehold improvements	721,503	721,503	5 - 40 years
Leasehold improvements - Highland	322,305	322,305	5 years
Vehicles	435,490	435,490	7 years
Furniture and fixtures	102,978	89,994	3-10 years
Computers and equipment	47,912	47,912	5 years
	<u>7,418,656</u>	<u>7,405,027</u>	
Less: accumulated depreciation	1,183,860	870,347	
<b>Property and equipment, net</b>	<u><u>\$ 6,234,796</u></u>	<u><u>\$ 6,534,680</u></u>	

Depreciation expense was \$313,514 and \$190,343 for the years ended September 30, 2022 and 2021, respectively.

#### 6. GRANT PAYABLE

The Organization committed to making a grant of \$1,260,000 for the Shared Humanity Project, a new organization founded by Mark Bergel, former President and Founder of A Wider Circle, Inc. The grant is designed to support the mission and daily activities of the new 501(c)(3) organization. The grant is to be paid over a 3-year period. Monthly installments of \$35,000 began on January 1, 2021. The remaining amount payable has been recorded as a liability in the accompanying statements of financial position as of September 30, 2022 and 2021. The Organization made payments of \$420,000 during the years ended September 30, 2022 and 2021.

The future payments were as follows:

<u>Fiscal Years Ending</u>	<u>Amount</u>
2023	\$ 420,000
2024	70,000
	<u><u>\$ 490,000</u></u>



## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 7. NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 13, 2020, the Organization received a Paycheck Protection Program (PPP) note in the amount of \$604,914. The PPP note was received from the U.S. Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. The terms of the note required the proceeds to be spent on eligible expenses, which were primarily payroll related costs.

During the year ended September 30, 2021, this note was fully forgiven and was recognized as Federal grant revenue in the accompanying statement of activities and changes in net asset for the year ended September 30, 2021.

#### 8. MORTGAGE PAYABLE

On May 27, 2015, the Organization purchased a building and entered into a mortgage with a financial institution in the amount of \$4,000,000. The mortgage is secured by the property.

The note matures on December 1, 2029 and accrues interest at the rate of 3.93% with monthly principal and interest payments of \$14,056. A single balloon payment of the entire unpaid balance of principal and interest will be due on December 1, 2029. The balance of the mortgage payable as of September 30, 2022 and 2021 was \$2,342,659 and \$2,416,402, respectively.

The future minimum principal payments as of September 30, 2022 are as follows:

<u>Fiscal Years Ending</u>	<u>Amount</u>
2023	\$ 78,441
2024	81,580
2025	84,844
2026	88,239
2027	91,770
Thereafter	1,917,785
	<u>\$ 2,342,659</u>

#### 9. LINE OF CREDIT

On January 28, 2022, the Organization obtained a revolving line of credit with a financial institution, allowing for borrowings up to \$500,000 with a maturity date of January 31, 2024. The line of credit is secured by all current and future acquired business assets of the Organization. The interest rate was fixed at 3.250% through January 29, 2023, after which time it may change to a variable rate. There was no outstanding balance on the line of credit as of September 30, 2022. The line of credit was not utilized during the year ended September 30, 2022, and as such, there was no interest expense.

## **A WIDER CIRCLE, INC.**

### **Notes to the Financial Statements September 30, 2022 and 2021**

#### **10. ENDOWMENT**

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization classifies net assets with donor restrictions to be held in perpetuity as a) the original value of gifts donated to the perpetual endowment and b) the original value of subsequent gifts to the perpetual endowment.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted and board-designated endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Organization's restricted endowment fund
- c) General economic conditions
- d) The possible effects of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) The investment policies of the Organization

#### **Spending Policy**

In order to provide a sustainable level of income to support the Organization while preserving the real (inflation adjusted) purchasing power of the endowment, the Organization establishes the following total return spending policy with regard to the use of available funds as follows:

- 1) Up to 5% of the total market value of the available funds may be distributed annually based upon a three-year rolling average. Distributions shall be calculated annually.
- 2) Prior to the completion of three years from the establishment of the endowment, annual distributions from the endowment may not exceed the income-only (interest and dividends).
- 3) The percentage distributed shall be reviewed annually by the Organization and adjusted as appropriate according to the needs of the Organization and the current market climate.
- 4) Should the suggested distribution result in a reduction of the real value of the endowment and reserve funds to a level below the adjusted real value, the Organization shall determine the percent or amount to be withdrawn.

The endowment consists of one Fund, the Mitchell E. Davis M.D. Endowment Fund (the Fund). The Fund was designed to create stable and dignified homes for those in need, particularly formerly homeless U.S. veterans, women, and children fleeing domestic violence, and for eviction prevention. The funds may not be used for overhead expenses such as rent, utilities, and salaries.

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 10. ENDOWMENT (continued)

For the year ended September 30, 2022, the change in the endowment net assets were as follows:

	<u>Available for Appropriation</u>	<u>To be Held into Perpetuity</u>	<u>Total</u>
Net Assets at October 1	\$ 22,475	\$ 100,462	\$ 122,937
Contributions	-	100,000	100,000
Unrealized losses	(42,975)	-	(42,975)
Interest and dividends	2,621	-	2,621
<b>Net Assets, September 30</b>	<b><u>\$ (17,879)</u></b>	<b><u>\$ 200,462</u></b>	<b><u>\$ 182,583</u></b>

For the year ended September 30, 2021, the change in the endowment net assets were as follows:

	<u>Available for Appropriation</u>	<u>To be Held into Perpetuity</u>	<u>Total</u>
Net Assets at October 1	\$ -	\$ 60,462	\$ 60,462
Contributions	-	40,000	40,000
Unrealized gains	22,475	-	22,475
<b>Net Assets, September 30</b>	<b><u>\$ 22,475</u></b>	<b><u>\$ 100,462</u></b>	<b><u>\$ 122,937</u></b>

#### 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 265,000	\$ 178,000
Endowment - held in perpetuity	200,462	100,462
Endowment earnings	(17,879)	22,475
<b>Total</b>	<b><u>\$ 447,583</u></b>	<b><u>\$ 300,937</u></b>

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 12. STATE OF MARYLAND GRANTS

Through a mix of bond bills and capital budget grants over several years, the State of Maryland has allocated funding for the Organization totaling \$2,250,000 for capital improvements of its Welcome and Drop-off Center in Silver Spring, Maryland.

<u>Year Awarded</u>	<u>Amount</u>
2016	\$ 175,000
2017	125,000
2018	750,000
2019	500,000
2020	700,000
<b>Total</b>	<b><u>\$ 2,250,000</u></b>

The Organization has recognized \$1,284,270, of the available State grants during the year ended September 30, 2021, which is recognized in government grants in the accompanying statement of activities and changes in net assets for the year ended.

#### 13. GIFTS IN-KIND

##### **Contributed Furniture, Home Goods, And Clothing**

The Organization's mission is continued through contributions of furniture, home goods, clothing, and other necessities from the public. The Organization was the recipient of various pieces of furniture, home goods and clothes to distribute to various families in need. Contributed revenue of \$3,124,991 and \$1,347,292 and expenses of \$3,068,011 and \$1,190,920, respectively, were recorded in the accompanying statements of activities and changes in net assets, and statements of functional expenses for the years ended September 30, 2022 and 2021.

##### **Contributed Facilities**

The Organization leases its Highland facility from the District of Columbia. Rent expense is \$1 annually, if demanded. The lease, which originally commenced in March 2018, has been renewed annually and can be renewed annually through March 2025. The Organization is responsible for maintenance and repairs, utilities, janitorial services, security, insurance, and snow removal. The estimated rental value of the facility of \$24,000 based on fair market value of comparable rental facilities in the area and is recognized as contributed facilities in the accompanying statement of activities and changes in net assets and as occupancy in the accompanying statement of functional expenses for the year ended September 30, 2022.

## A WIDER CIRCLE, INC.

### Notes to the Financial Statements September 30, 2022 and 2021

#### 14. COMMITMENTS

The Organization entered into a lease agreement effective June 8, 2020, which expires on May 31, 2028, for office space. In fiscal years 2022 and 2021, this lease escalated 3% annually. Effective June 1, 2023, the lease will escalate 2% annually. The Organization also entered into a lease agreement effective August 1, 2020, which expires on June 30, 2023, for storage space. This lease escalates 3% annually. Additionally, the Organization has an annual lease with the District of Columbia for its Highland location, where the rent is \$1 annually, if requested. Total occupancy expense was \$473,124 and \$384,210 for the years ended September 30, 2022 and 2021, respectively.

The future minimum rental commitments under these lease agreements as of September 30, 2022 are as follows:

<u>Fiscal Years Ending</u>	<u>Amount</u>
2023	\$ 240,900
2024	124,184
2025	126,668
2026	128,982
2027 and thereafter	220,589
<b>Total</b>	<b>\$ 841,323</b>

#### 15. RETIREMENT PLAN

The Organization maintains a 401k retirement plan for the benefit of its employees. All employees are eligible to participate, and the Organization matches employee contributions up to 7% of each employee's compensation based on each employee's years of service after two years of service. The Organization's matching contribution to the plan for the years ended September 30, 2022 and 2021 was \$24,799 and \$24,600, respectively.