

TLBJCPA

ACCOUNTING
AND CONSULTING

THURMAN L. BROOKS, CPA, LLC

THE GERMAN ST VINCENT ORPHAN ASSOCIATION

**FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2022

CONTENTS

| | |
|---|---|
| Independent Auditor's Report..... | 1 |
| Audited Financial Statements: | |
| Statement of Financial Position..... | 3 |
| Statement of Activities and Change in Net Assets..... | 4 |
| Statement of Functional Expenses..... | 5 |
| Statement of Cash Flows..... | 6 |
| Notes to Financial Statements..... | 7 |

Independent Auditor's Report

To the Board of Directors
The German St Vincent Orphan Association
St. Louis, Missouri

Opinion

I have audited the accompanying financial statements of The German St Vincent Orphan Association (a nonprofit organization), which comprise the statements of financial position, as of December 31, 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The German St Vincent Orphan Association as of December 31, 2022, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The German St Vincent Orphan Association and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 German St Vincent Orphan Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgement 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 German St Vincent Orphan Association'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The German St Vincent Orphan Association's ability to continue as a going concern for a reasonable period of time.

I am 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.



Thurman L Brooks CPA, LLC
St. Louis, Missouri
August 25, 2023

THE GERMAN ST VINCENT ORPHAN ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Current Assets

| | |
|-------------------------------|------------------|
| Cash | \$ 884,302 |
| Accounts receivable, net | 363,108 |
| Unconditional promise to give | 79,094 |
| Prepaid Expenses | 26,630 |
| Short-term investment | 36,150 |
| Total Current Assets | <u>1,389,284</u> |

| | |
|-----------------------------|-----------|
| Property and Equipment, net | 2,248,633 |
|-----------------------------|-----------|

Other Assets

| | |
|---|----------------|
| Beneficial interest in perpetual trusts | 973,856 |
| Total Other Assets | <u>973,856</u> |

TOTAL ASSETS \$ 4,611,773

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|----------------------------|----------------|
| Accounts payable | \$ 89,213 |
| Accrued salaries and taxes | 144,292 |
| Other current liabilities | 10,821 |
| Total Current Liabilities | <u>244,326</u> |

Net Assets

| | |
|----------------------------|------------------|
| Without donor restrictions | 2,323,784 |
| With donor restrictions | <u>2,043,663</u> |
| Total Net Assets | <u>4,367,447</u> |

TOTAL LIABILITIES AND NET ASSETS \$ 4,611,773

See notes to financial statements and independent auditor's report

THE GERMAN ST VINCENT ORPHAN ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

| | Without Donor Restriction | With Donor Restriction | Total |
|--|---------------------------------|---------------------------|--------------------|
| Public Support and Revenues | | | |
| Public Support: | | | |
| Contributions and grants | \$ 854,446 | \$ 811,231 | \$ 1,665,677 |
| Fundraising | 166,797 | - | 166,797 |
| United Way of Greater St. Louis | | 79,094 | 79,094 |
| Total Public Support | <u>1,021,243</u> | <u>890,325</u> | <u>1,911,568</u> |
| Revenues: | | | |
| Fee for services | 1,390,112 | - | 1,390,112 |
| Investment loss | | (410,182) | (410,182) |
| Miscellaneous | 77,654 | | 77,654 |
| Total Revenue | <u>1,467,766</u> | <u>(410,182)</u> | <u>1,057,584</u> |
| Net assets released from restrictions | 634,094 | (634,094) | - |
| Total Public Support and Revenues | <u>3,123,103</u> | <u>(153,951)</u> | <u>2,969,152</u> |
| Expenses | | | |
| Program Services | 2,495,279 | - | 2,495,279 |
| Management and general | 667,025 | - | 667,025 |
| Development | 236,135 | - | 236,135 |
| Total Expenses | <u>3,398,439</u> | <u>-</u> | <u>3,398,439</u> |
| CHANGE IN NET ASSETS | (275,336) | (153,951) | (429,287) |
| NET ASSETS, Beginning of year | <u>2,599,120</u> | <u>2,197,614</u> | <u>4,796,734</u> |
| NET ASSETS, End of year | <u>\$2,323,784</u> | <u>\$2,043,663</u> | <u>\$4,367,447</u> |

See notes to financial statements and independent auditor's report

THE GERMAN ST VINCENT ORPHAN ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

| | Program Services | | | | | | Supporting Services | | |
|--|---------------------|------------------------|--------------------|------------------|----------------------|---------------------|---------------------------|-------------------|---------------------|
| | Residential Days | Counseling / Crisis | Case Management | Group Therapy | inHome Counseling | Program Total | Management and General | Development | Total |
| Salaries and wages | \$ 1,090,900 | \$ 233,615 | \$ 62,576 | \$ 52,146 | \$ 83,434 | \$ 1,522,671 | \$ 417,170 | \$ 146,010 | \$ 2,085,850 |
| Benefits and taxes | 169,234 | 36,241 | 9,708 | 8,090 | 12,943 | 236,216 | 64,717 | 22,651 | 323,584 |
| Total Salaries and related benefits | 1,260,134 | 269,857 | 72,283 | 60,236 | 96,377 | 1,758,887 | 481,887 | 168,660 | 2,409,434 |
| Program expenses - direct | 128,402 | 20,737 | 5,555 | 4,629 | 7,406 | 166,729 | 37,031 | 12,961 | 216,721 |
| Professional services | 14,756 | 3,160 | 846 | 705 | 1,129 | 20,596 | 5,643 | 1,975 | 28,213 |
| Depreciation | 62,760 | 13,440 | 3,600 | 3,000 | 4,800 | 87,600 | 21,566 | 8,400 | 117,566 |
| Utilities | 73,397 | 15,718 | 4,210 | 3,508 | 5,614 | 102,447 | 28,068 | 9,824 | 140,338 |
| Insurance | 44,041 | 9,431 | 2,526 | 2,105 | 3,368 | 61,472 | 10,117 | 5,895 | 77,483 |
| Office expense | 20,983 | 4,493 | 1,204 | 1,003 | 1,605 | 29,288 | 8,024 | 2,808 | 40,120 |
| Supplies | 4,920 | 1,054 | 282 | 235 | 376 | 6,867 | 3,075 | 659 | 10,601 |
| Fundraising - direct | 16,250 | 3,480 | 932 | 777 | 1,243 | 22,682 | 6,214 | 2,064 | 30,960 |
| Repairs and maintenance | 45,767 | 9,801 | 2,625 | 2,188 | 3,500 | 63,882 | 17,502 | 6,126 | 87,509 |
| Leases | 3,613 | 774 | 207 | 173 | 276 | 5,043 | 1,382 | 484 | 6,909 |
| Travel & conferences | 13,639 | 2,921 | 782 | 652 | 1,043 | 19,037 | 5,216 | 1,825 | 26,078 |
| Outside services | 81,998 | 17,560 | 4,704 | 3,920 | 6,271 | 114,452 | 31,357 | 10,975 | 156,784 |
| Miscellaneous | 26,005 | 5,569 | 1,492 | 1,243 | 1,988.91 | 36,298 | 9,945 | 3,481 | 49,723 |
| Total Expenses | \$ 1,796,665 | \$ 377,994 | \$ 101,248 | \$ 84,374 | \$ 134,998 | \$ 2,495,279 | \$ 667,025 | \$ 236,135 | \$ 3,398,439 |

See notes to financial statements and independent auditor's report

THE GERMAN ST VINCENT ORPHAN ASSOCIATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2022

| | |
|--|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (429,287) |
| Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities: | |
| Depreciation | 117,566 |
| Loss on investment | 421,175 |
| (Increase) decrease in assets: | |
| Accounts receivable | (174,945) |
| Promises to give | - |
| Prepaid expenses | (8,621) |
| Increase (decrease) in liabilities: | |
| Accounts payable | (169,559) |
| Accrued salaries and taxes | <u>42,065</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>(201,606)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of property and equipment | (215,167) |
| Decrease / (Increase) in cash value of life insurance | <u>2,217</u> |
| Net Cash Used in Investing Activities | <u>(212,950)</u> |
| INCREASE (DECREASE) IN CASH | (414,556) |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>1,298,858</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$ 884,302</u> |

See notes to financial statements and independent auditor's report

THE GERMAN ST VINCENT ORPHAN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The German St Vincent Orphan Association (the "Organization") is a not-for-profit Missouri corporation whose purpose is to provide mental health treatment to at-risk youth and their families through a range of programs and services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU update 2016-02, Leases (Topic 842), which requires lessees to recognize an asset and liability associated with the right to use a given asset and obligation to make payments pursuant to the terms of the lease. The standard was effective beginning January 1, 2022.

Basis of Presentation

Contributions received are recorded as an increase in support with or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions restricted for capital items are recorded as an increase in support with donor restrictions until the capital expenditures are made.

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Contributions with donor restrictions whose restrictions are met in the same reporting period are recorded as without donor restriction. Interest earned on the temporary investment of such support is without donor restriction.

Cash and Cash Equivalents

For the purpose of the statements of financial position and cash flows, the Organization considers all short-term investments with an original maturity of 90 days or less to be cash equivalents.

Revenue and Expense Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 is effective for non-public entities with fiscal years beginning after December 15, 2018. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A description of the Organization's revenue streams accounted for under ASC 606 follows:

Fundraising: The Organization collects proceeds from ticket sales for attendance and auction proceeds from fundraising events. Both the ticket sales and auction proceeds transactions represent revenue where the Organization transfers goods or services to donors. Fundraising event revenues are recognized at the point in time when the event occurs.

Fee for services: The Organization provides a variety of on-site residential and home-based programs that are tailored for the various levels of support for youths. The Organization partners with multiple agencies to be reimbursed for their services. These fees for services are recognized at the point in time when the services occur.

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

| | <u>2022</u> |
|--|---------------------|
| Performance obligations satisfied at a point in time | \$ 1,390,112 |
| Performance obligations satisfied over time | <u>-</u> |
| Total revenue from performance obligations | <u>\$ 1,390,112</u> |

The revenue in the above table is included in public support and revenues on the statement of activities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of amounts due from state and local governments. Management reviews all contract receivables on an ongoing basis for collectability. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of each individual account. The allowance for doubtful accounts was \$10,000 at December 31, 2022.

Use of Estimates

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

Income Taxes

The Organization is a nonprofit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Fixed Assets

Fixed assets are recorded at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. The Organization capitalizes all fixed asset purchases \$1,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---------------------------|-------------|
| Building and improvements | 30-80 years |
| Furniture and equipment | 5-10 years |
| Automobiles | 5 years |
| Land improvements | 10 years |

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Organization. Those expenses include but are not limited to salary and wages, direct program expenses, depreciation, and utilities. Salary and wages are allocated based on the time of where efforts are made. Direct program expenses are allocated based on earnings ratio and the admissions percentage of each program. Depreciation, utilities, and repair and maintenance expenses are allocated based on a square footage basis. All remaining costs are allocated based on earnings ratio of each program.

Donated Materials, Equipment, and Services

The Organization has adopted SFAS No. 116, 'Accounting for Contributions Received and Contributions Made. Donated materials, equipment, and services are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

The Organization uses volunteers to assist in its programs and the volunteers are considered to possess specialized skills. However, the value of donated volunteer services is not reflected in the accompanying financial statements since no objective basis is available by which to measure the value of such services. During the year it is estimated that volunteers have donated 40 – 50 hours in the Organization's program services and fund-raising campaigns.

Compensated Absences

The Organization has a formal paid time off policy for employee benefits. Eligible employees are paid for time earned but not taken for vacation at termination of employment. There were no significant changes in the policy or the balance in the account year over year.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at one financial institution. Accounts at these institutions are insured by the FDIC. At times, the balances in these accounts may be in excess of federally insured limits. At December 31, 2022, the Organization's balance was not greater than the uninsured balance.

NOTE 3 - CASH VALUE OF LIFE INSURANCE

At December 31, 2022, the Organization was the owner and beneficiary of the following life insurance policy, during the year the cash value of the policy was used to purchase and maintain the current level of insurance coverage of \$445,500:

| | <u>Type of Policy</u> | <u>Face Value</u> | <u>Cash Value</u> |
|------|-----------------------|-------------------|-------------------|
| 2022 | Universal | \$445,500 | \$0 |

NOTE 4 - CONCENTRATIONS

The Organization received approximately 38% of its revenue for the year ended December 31, 2022 from the Children's Service Fund.

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

| | |
|--------------------------------------|-----------------|
| | <u>2022</u> |
| United Way | \$79,094 |
| Charitable donations | - |
| | <u>\$79,094</u> |
| Receivable in less than one year | \$79,094 |
| Receivable in one to five years | - |
| Total Unconditional Promises to Give | <u>\$79,094</u> |

Due to the nature of the promises, management believes that all amounts will be received when due, therefore no allowance for uncollectible promises has been provided.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions are subject to the following purpose or time restrictions:

| | |
|---|---------------------|
| Subject to purpose restrictions: | 2022 |
| Building Renovations and Equipment | \$ 747,427 |
| Staff | 15,300 |
| Strategic Vision | <u>227,987</u> |
| | 990,713 |
| | |
| Subject to time restrictions for the periods after December 31: | |
| United Way | 79,094 |
| | |
| Not subject to appropriation or expenditure: | |
| Trust held in perpetuity | 973,856 |
| Total net assets with donor restrictions | <u>\$ 2,043,663</u> |

Support received subject to purpose restrictions was solicited from various organizations and must be spent on these programs.

NOTE 7 - INVESTMENT LOSS

Investment loss consists of the following:

| | |
|--|------------------|
| | 2022 |
| Interest and dividend Income | \$ 3,114 |
| Increase (Decrease) in cash surrender value of life insurance policy | (2,217) |
| Net unrealized loss on investments in Trust (see Note 8) | (421,064) |
| Realized gain on other investments | 9,985 |
| | <u>(410,182)</u> |

NOTE 8 - BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization has two irrevocable perpetual trusts administered by third parties which were established by donors and became effective after their death. The Organization has the irrevocable right to receive 25.00% and 2.94%, respectively, of the income from the trusts' assets in perpetuity. However, the Organization will never receive its interest in the principal of the trusts' assets.

The assets for the trusts have been recognized at the lesser of the present value of the expected future cash flow payments discounted at a rate of 5.2% for the year ended December 31, 2022, or the current interest underlying assets of the trusts. At December 31, 2022, the present value of the expected future cash flow payments represents the Organization's share of the fair market value of the trust principal. The decrease of \$421,064 for the year ended December 31, 2022, in

the value of the trusts have been reported in the statement of activities as a decrease in net assets with donor restrictions in 2022. The income produced without donor restriction by the trusts for the years ended December 31, 2022, was \$66,152 and is reported in the Statement of Activities as contributions without donor restrictions.

NOTE 9 - STOCK INVESTMENT

The Organization received a stock investment in a nonpublic company on May 1, 2017, as an in-kind contribution. The stock investment was originally recorded based on the fair market value of the nonpublic company stock on its most recent valuation report as of December 31, 2019. During the fiscal period under audit 2022, the shares were purchased by a publicly traded company. The entity received 55.1061 shares of the stock and at December 30, 2022, and at year end the entity had 1,102 shares of stock with a value of \$32.08 per share, for a total value of \$\$36,150.

NOTE 10 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022, consist of the following:

| | 2022 |
|--------------------------------|---------------------|
| Land | \$ 208,331 |
| Land improvements | 124,604 |
| Building and improvements | 4,609,785 |
| Vehicles | 89,789 |
| Furniture and fixtures | 854,552 |
| | 5,887,061 |
| Less: Accumulated depreciation | <u>(3,638,427)</u> |
| Property and equipment, net | <u>\$ 2,248,634</u> |

Depreciation expense for the year ended December 31, 2022, was \$117,566.

NOTE 11 - LEASE OBLIGATION

In March of 2022, the Organization entered into a new copier lease at a monthly rate of \$560. Starting April 2022 through 2027. Future minimum lease payments under this lease are as follows.

| Year ended 31-Dec | |
|----------------------|------------------|
| 2023 | \$ 6,916 |
| 2024 | 7,082 |
| 2025 | 7,252 |
| 2026 | 7,426 |
| 2027 | 2,515 |
| | <u>\$ 31,189</u> |

Lease expense for the year ended December 31, 2022 was \$6,450

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is primarily funded by fees for service provided by Children's Service Fund. As part of the Organization's investment policy, investment of the funds is limited, in general, to passively managed mutual funds or direct fixed income obligations. Investments within the investment portfolio shall be readily marketable unless an exception is recommended by the Finance Committee and approved by the Board of Trustees. A designated account is established to hold Reserve funds, which is funded with surplus unrestricted operating funds and Board-designated sources of revenue. The Organization's current designated account is its investment account with Charles Schwab, managed by PlanCorp. The minimum amount designated as Reserves will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The target minimum Reserve Fund amount is equal to three months of average operating costs.

The below reflects the Organization's financial assets as of the statement of financial position date, reduced by the amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. The promises to give are subject to implied time restrictions but are expected to be collected within one year.

| | <u>2022</u> |
|--|---------------------------|
| Liquidity and Availability of Financial Assets | |
| Financial Assets, at year end | \$2,336,510 |
| Less those unavailable for general expenditure within one year, ue to: | |
| Contractual or donor-imposed restrictions: | |
| Trust held in perpetuity | (973,856) |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$1,362,654</u></u> |

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 25, 2023, the date the financial statements were available to be issued