SHELTERS TO SHUTTERS

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Years Ended December 31, 2022 and 2021

SHELTERS TO SHUTTERS

Financial Statements

Years Ended December 31, 2022 and 2021

Contents

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Independent Auditors' Report

To the Board of Directors of
Shelters to Shutters

Opinion

We have audited the accompanying financial statements of Shelters to Shutters (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Shelters to Shutters as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of Shelters to Shutters as of December 31, 2021, were audited by other auditors whose report dated August 16, 2022, expressed an unmodified opinion on those statements.

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 Shelters to Shutter's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Shelters to Shutter'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 Shelters to Shutter'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.

Toole Katz & Roemersma, LLP

Arlington, Virginia
June 7, 2023

SHELTERS TO SHUTTERS

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Cash	$ 527,239	$ 174,356
Contributions receivable	173,799	158,280
Prepaid expenses	8,790	2,072
Property and equipment, net	5,903	7,067
Total Assets	$ 715,731	$ 341,775
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 18,081	$ 14,155
Accrued payroll and related liabilities	62,011	40,667
Due to related party	-	111,000
Total Liabilities	80,092	165,822
Net Assets		
Without donor restrictions	584,869	175,953
With donor restrictions	50,770	-
Total Net Assets	635,639	175,953
Total Liabilities and Net Assets	$ 715,731	$ 341,775

See accompanying notes.

SHELTERS TO SHUTTERS

Statements of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support						
Contributions	$ 2,333,785	$ 50,770	$ 2,384,555	$ 1,024,752	$ -	$ 1,024,752
In-kind contributions	60,000	-	60,000	60,000	-	60,000
Total support	2,393,785	50,770	2,444,555	1,084,752	-	1,084,752
Expenses						
Program services	1,218,016	-	1,218,016	497,389	80,000	577,389
Support services	240,300	-	240,300	202,791	-	202,791
Fundraising services	526,553	-	526,553	250,103	-	250,103
Total expenses	1,984,869	-	1,984,869	950,283	80,000	1,030,283
PPP loan extinguishment	-	-	-	194,664	-	194,664
Change in Net Assets	408,916	50,770	459,686	329,133	(80,000)	249,133
Net Assets (Deficit), beginning of year	175,953	-	175,953	(153,180)	80,000	(73,180)
Net Assets, end of year	$ 584,869	$ 50,770	$ 635,639	$ 175,953	$ -	$ 175,953

See accompanying notes.

SHELTERS TO SHUTTERS

Statements of Functional Expenses

Year Ended December 31, 2022

		Supporting Services		
	Program	Management and General	Fundraising Services	Total Expenses
Salaries and benefits	$ 1,070,080	$ 168,469	$ 360,946	$ 1,599,495
Marketing	14,620	2,194	114,900	131,714
Travel	22,290	3,880	8,024	34,194
General and administrative	104,388	61,476	40,663	206,527
Taxes and insurance	6,638	962	2,020	9,620
Depreciation	-	3,319	-	3,319
Total expenses	$ 1,218,016	$ 240,300	$ 526,553	$ 1,984,869

See accompanying notes.

SHELTERS TO SHUTTERS

Statements of Functional Expenses - Continued

Year Ended December 31, 2021

		Supporting Services		
	Program	Management and General	Fundraising Services	Total Expenses
Salaries and benefits	$ 450,902	$ 165,649	$ 177,689	$ 794,240
Marketing	1,994	226	27,985	30,205
Office rent	-	8,293	-	8,293
Travel	7,623	1,372	2,346	11,341
General and administrative	116,870	19,596	42,083	178,549
Taxes and insurance	-	5,727	-	5,727
Depreciation	-	1,928	-	1,928
Total expenses	$ 577,389	$ 202,791	$ 250,103	$ 1,030,283

See accompanying notes.

SHELTERS TO SHUTTERS

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

		2022		2021
Cash Flows from Operating Activities				
Increase in net assets	$	459,686	$	249,133
Reconciliation adjustments				
Forgiveness of debt		(111,000)		(194,664)
Depreciation		3,319		1,928
Loss on disposal of property and equipment		-		647
Changes in:				
Contributions receivable		(15,519)		(59,382)
Prepaid expenses		(6,718)		102
Accounts payable and accrued expenses		3,926		(3,643)
Accrued payroll and related liabilities		21,344		23,690
Other liabilities		-		(10,000)
Net cash provided by operating activities		355,038		7,811
Cash Flows from Investing Activities				
Purchase of property and equipment		(2,155)		(7,925)
Net cash used in investing activities		(2,155)		(7,925)
Cash Flows from Financing Activities				
Borrowings under PPP loan		-		92,881
Net cash provided by financing activities		-		92,881
Net Increase in Cash		352,883		92,767
Cash, beginning of year	$	174,356	$	81,589
Cash, end of year	$	527,239	$	174,356
Supplemental Disclosure of Noncash Financing Activities:				
Due to related party extinguishment	$	111,000	$	-
PPP loan extinguishment		-		194,664

See accompanying notes.

NOTE 1 - ORGANIZATION

Shelters to Shutters (the "Organization") is a not-for-profit organization founded in February 2014. The Organization was formed for the purpose of providing housing and employment opportunities to the homeless by educating and engaging real estate and property management leaders and encouraging action within their communities. The Organization works with homeless and at-risk homeless individuals in multiple cities in the United States. Currently, the Organization works in five communities: National Capital Region (Maryland, Northern Virginia and the District of Columbia, Nashville, Charlotte, Houston, and Atlanta). In 2022, new markets launched included Charleston, Orlando, Phoenix, and North Texas. The plan is to launch in five communities a year over the next five years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Recent 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*, which requires disclosure of contributed nonfinancial assets in a separate line item within the statement of activities, disclosure of the policy about monetizing rather than utilizing contributed nonfinancial assets and qualitative information about those monetized or utilized during the fiscal year, and a description of any donor-imposed restrictions on the contributed nonfinancial assets. The Organization adopted the new standard on January 1, 2022. The adoption of the new standard did not have a material impact on the Organization's financial statements.

Cash - The Organization maintains cash in certain bank deposit accounts, which at times may exceed federally insured limits. Non-interest bearing accounts are aggregated with any interest bearing deposits and the combined total is guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Contributions - Unconditional promises to give are recognized as contributions in the period received and recorded as assets, reductions of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the contributions are recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets without donor restrictions.

In 2022, the Organization received a conditional grant to receive $300,000 over three years, with the first payment of $50,000 being received in 2022. The remaining $250,000 is conditioned on the Organization providing status reports on updates on the use of the funds contributed and meeting certain targets set forth in the agreement. As of December 31, 2022, $50,000 has been recorded as support.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable - Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are determined based on factors including collectability, contribution duration and market conditions.

An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity. It is the Organization's policy to write off uncollectible accounts when management determines the receivable will not be collected.

At December 31, 2022 and 2021, there were $173,799 and $158,280 of contributions receivable, respectively, all of which are expected to be collected within one year.

In-Kind Contributions - The Organization records various types of contributions. Contributed services are recognized at fair value if the services (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals processing those skills, and (c) would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Property and Equipment - Property and equipment are recorded at historical cost and any purchase or donations in excess of $1,000 are capitalized. Donations of property and equipment are recorded as in-kind contributions at their estimated fair market value on the date received. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation accounts are eliminated, and any gain or loss is included in the statements of activities. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which is three years.

Functional Allocation of Expenses - The costs of providing program, management and general, and fundraising activities have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the program and supporting services directly benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity.

Advertising - Advertising costs are expensed as incurred and totaled $131,714 and $30,205 for the years ended December 31, 2022 and 2021, respectively.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. At December 31, 2022 and 2021, the Organization has determined that no income taxes are due for such activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 7, 2023, the date the accompanying financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021:

	2022	2021
Computers and equipment	$ 12,117	$ 9,962
Less: accumulated depreciation	(6,214)	(2,895)
Property and equipment, net	$ 5,903	$ 7,067

Depreciation expense for the years ended December 31, 2022 and 2021 totaled $3,319 and $1,928, respectively.

NOTE 4 - PAYROLL PROTECTION PROGRAM LOAN

In April 2020, the Organization received funding under the Paycheck Protection Program ("PPP") totaling $101,783. In January 2021, the Organization received a second loan under the Paycheck Protection Program totaling $92,881. The loans are subject to forgiveness under the terms of PPP sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP loans accrued interest at a rate of 1.00 percent per annum. The receipt of these funds, and the forgiveness of the loan, was dependent on having initially qualified for the loan an qualifying for the forgiveness criteria. In September 2021, the Organization received forgiveness for funding it received under the PPP loans for $194,664.

NOTE 5 - RELATED PARTY TRANSACTIONS

Middleburg Communities ("Middleburg"), owned by the Chairman of the Organization's Board, provided accounting and management personnel to the Organization. During each of the years ended December 31, 2022, and 2021, the Organization recognized an in-kind contribution and related salary expense of $60,000 and $60,000, respectively, for contributed services received from Middleburg based on the fair value of comparable services provided by third parties.

The Organization had one board member who contributed $450,000 and $220,000 during the years ended December 31, 2022 and 2021, respectively, which is included as contributions in the accompanying statements of activities. The Organization is exposed to risk from substantial support of one donor and would not be able to continue operations without it.

In 2020, the Organization received funds from Thistle Investments, LLC ("Thistle"), a company owned by a board member of the Organization, in the amount of $121,000. This amount is non-interest bearing and is due on demand. In 2021, the Organization paid $10,000 of the amount due to Thistle. In 2022, the remaining amount due to Thistle of $111,000 was forgiven and is included in contributions in the accompanying 2022 statement of activities. As of December 31, 2021, the amount due to Thistle was $111,000 and is included as due to related party on the accompanying 2021 statement of financial position.

NOTE 6 - LEASE COMMITMENTS

The Organization utilizes space rented by Middleburg in Vienna, Virginia. The Organization rents the space from Middleburg under an unwritten arrangement and reimburses Middleburg for actual rental costs for the space. The Organization has no future obligations under this arrangement with Middleburg and could relocate at any time without penalty. As of April 2021, the Organization is no longer utilizing Middleburg space and employees are working fully remotely.

Rent expense totaled $8,293 for the year ended December 31, 2021.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year because of donor-imposed restrictions.

	2022	2021
Cash	$ 527,239	$ 174,356
Contributions receivable	173,799	158,280
Total	701,038	332,636
Less donor-imposed restrictions	(50,770)	-
Financial assets available to meet cash needs for general expenditures within one year	$ 650,268	$ 332,636

NOTE 8 - SUBSEQUENT EVENTS

The Organization changed its name to Entryway effective June 1, 2023.