

**VALERIE'S HOUSE, INC.**

**FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT AUDITOR**

**Year Ended  
December 31, 2023**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditor’s Report .....</b>	1-2
 <b><u>Financial Statements</u></b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7-22

# HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Valerie's House, Inc.  
3551 Valeries House Way  
Fort Myers, FL 33916

### **Opinion**

We have audited the accompanying financial statements of Valerie's House, Inc. (a Florida not-for-profit corporation) ( the "Organization"), which comprise the statement of financial position as of December 31, 2023, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Valerie's House, Inc. as of December 31, 2023, 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 the auditing standards generally accepted in the United States of America. 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 Valerie's House, Inc. 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.

### **Management's Responsibilities 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 the 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 Valerie's House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INTEGRITY ..... SERVICE ..... EXPERIENCE

1470 Royal Palm Square Blvd. • Fort Myers, FL 33919-1049  
Phone: (239) 939-2233 • Fax: (239) 939-0554 • www.hsctuscan.com

**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 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 Valerie's House, Inc.'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 Valerie's House, Inc.'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.

*HSC / Furber & Company, P.A.*

HSC/TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
August 23, 2024

**VALERIE'S HOUSE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**

<b>ASSETS</b>	<u>Amount</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents (including restricted cash of \$1,033,754)	\$ 3,664,245
Conditional contributions receivable, current portion (restricted)	100,000
Contributions receivable, current portion (restricted)	85,500
Other receivables	233,060
Security deposit	13,954
Prepaid expenses	31,065
Operating lease - right of use asset (ROU), current portion	<u>72,600</u>
TOTAL CURRENT ASSETS	4,200,424
<b>CONDITIONAL CONTRIBUTIONS REC., NET (RESTRICTED)</b>	181,507
<b>CONTRIBUTIONS RECEIVABLE, NET (RESTRICTED)</b>	94,133
<b>OPERATING LEASE - RIGHT OF USE ASSET (ROU), NET</b>	34,721
<b>PROPERTY AND EQUIPMENT, NET</b>	900,913
<b>CONSTRUCTION IN PROGRESS</b>	<u>1,469,191</u>
TOTAL ASSETS	<u>\$ 6,880,889</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 103,455
Accrued liabilities	30,991
Compensated absences	46,386
Operating lease liability ROU, current portion	<u>72,600</u>
TOTAL CURRENT LIABILITIES	253,432
<b>OPERATING LEASE LIABILITY (ROU), NET</b>	34,721
<b>COMMITMENTS AND CONTINGENCIES</b>	<u>-</u>
TOTAL LIABILITIES	<u>288,153</u>
 <b>NET ASSETS</b>	
Without donor restrictions	5,097,842
With donor restrictions	
Temporarily restricted	1,494,894
Permanently restricted	<u>-</u>
TOTAL NET ASSETS	<u>6,592,736</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,880,889</u>

The accompanying notes are an integral part of this statement.

**VALERIE'S HOUSE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary	Permanent	
<b>CHANGES IN NET ASSETS</b>				
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</b>				
Special events and fundraising	\$ 679,387	\$ -	\$ -	\$ 679,387
Less: direct cost of benefits to donors	<u>(27,286)</u>	<u>-</u>	<u>-</u>	<u>(27,286)</u>
Net proceeds from special events and fundraising	652,101	-	-	652,101
Contributions and other grants	2,041,380	277,853	-	2,319,233
United Way	-	112,314	-	112,314
Lee County Partnering for Results	-	116,386	-	116,386
In-kind donations	86,305	-	-	86,305
Investment and other income	<u>51,982</u>	<u>20,362</u>	<u>-</u>	<u>72,344</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>2,831,768</b>	<b>526,915</b>	<b>-</b>	<b>3,358,683</b>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>1,551,249</u>	<u>(1,551,249)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS</b>	<b><u>4,383,017</u></b>	<b><u>(1,024,334)</u></b>	<b><u>-</u></b>	<b><u>3,358,683</u></b>
<b>EXPENSES</b>				
Program services	2,234,942	-	-	2,234,942
General and administrative	193,208	-	-	193,208
Fundraising	<u>200,072</u>	<u>-</u>	<u>-</u>	<u>200,072</u>
<b>TOTAL EXPENSES</b>	<b><u>2,628,222</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,628,222</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>1,754,795</b>	<b>(1,024,334)</b>	<b>-</b>	<b>730,461</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>3,343,047</u></b>	<b><u>2,519,228</u></b>	<b><u>-</u></b>	<b><u>5,862,275</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 5,097,842</u></b>	<b><u>\$ 1,494,894</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,592,736</u></b>

The accompanying notes are an integral part of this statement.

**VALERIE'S HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2023**

	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administrative	Fundraising		
Salaries	\$ 1,139,545	\$ 111,175	\$ 138,969	\$ 250,144	\$ 1,389,689
Taxes and benefits	156,491	15,267	19,084	34,351	190,842
Total salaries and related expenses	1,296,036	126,442	158,053	284,495	1,580,531
Advertising and communications	26,525	-	6,631	6,631	33,156
Building Insurance - Capital campaign	-	16,430	-	16,430	16,430
Depreciation	13,574	-	-	-	13,574
Dues and subscriptions	27,657	-	-	-	27,657
Fundraising	-	-	25,361	25,361	25,361
Insurance	33,976	3,775	-	3,775	37,751
Information technology	69,783	-	-	-	69,783
Miscellaneous	-	1,640	-	1,640	1,640
Merchant and service fees	-	-	245	245	245
Office expense	9,560	8,478	-	8,478	18,038
Professional fees	145,773	36,443	-	36,443	182,216
Program expenses	297,921	-	-	-	297,921
Program subcontract labor	67,399	-	-	-	67,399
Rent expense	110,632	-	-	-	110,632
Repairs and maintenance	56,176	-	-	-	56,176
Shipping and postage	22,824	-	9,782	9,782	32,606
Training, development and conferences	13,235	-	-	-	13,235
Utilities	43,871	-	-	-	43,871
Total expenses	\$ 2,234,942	\$ 193,208	\$ 200,072	\$ 393,280	\$ 2,628,222

The accompanying notes are an integral part of this statement.

**VALERIE'S HOUSE, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2023**

	<u>Amount</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from donors and other operating activities	\$ 3,783,497
Cash paid to suppliers and employees	(2,688,676)
Interest received	<u>72,040</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,166,861</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(429,064)
Payments for CIP - Fort Myers facility	<u>(962,082)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,391,146)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from loan	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(224,285)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,888,530</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 3,664,245</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS  
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>Amount</u>
Increase (decrease) in Net Assets	\$ 730,461
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities	
Depreciation	13,574
In-kind contributions - CIP	(38,237)
(Increase) decrease in conditional contributions receivable, net	100,000
Increase (decrease) in discount on contributions receivable (amortization)	(24,149)
(Increase) decrease in contributions receivable	101,650
(Increase) decrease in other receivables	342,875
(Increase) decrease in security deposit	(7,389)
(Increase) decrease in prepaid expenses	(5,182)
Increase (decrease) in accounts payable	(67,071)
Increase (decrease) in accrued liabilities	2,570
Increase (decrease) in compensated absences	<u>17,759</u>
TOTAL ADJUSTMENTS	<u>436,400</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,166,861</u>

**NON-CASH TRANSACTIONS**

Non-cash operating activities have been eliminated and include the following for the year ended December 31, 2023:

	<u>Support and Revenues</u>	<u>Expenses</u>
Donated CIP goods	\$ 38,237	\$ -
Donated program supplies	3,615	3,615
Donated services	<u>44,453</u>	<u>44,453</u>
	<u>\$ 86,305</u>	<u>\$ 48,068</u>

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and description of activities**

Valerie's House, Inc. (the "Organization" or "Valerie's House") was established on April 5, 2015, under the laws of Florida as a not-for-profit organization for grieving children in Florida. The mission of Valerie's House is to help children and families work through the loss of a loved one together and go on to live fulfilling lives. Valerie's House has locations in Fort Myers, Naples, Punta Gorda, Port Charlotte, and Pensacola.

Valerie's House is a place for children to connect with one another and learn the tools to heal after they have experienced the death of a loved one and learn that their loss doesn't have to limit their dreams. The vision of Valerie's House is that no child will grieve alone.

Valerie's House provides programs designed to give children and families a safe place to share, grieve, and grow. Valerie's House also supports parents and caregivers as they cope with the loss of a spouse or child. Programs at Valerie's House include open-ended peer support groups and activities to help children to heal after a significant loss in their life. While it is not a formal counseling center, Valerie's House provides a community and a platform for individuals to come together, share and mentor one another through grief, and create supportive bonds they can take into their futures. Programs are provided at no cost to the families.

**Basis of accounting**

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" and ASU 2016-14 and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Organization prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the specific grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Financial statement presentation**

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

The Organization reports its contributions in accordance with FASB ASC 958-605. In accordance with FASB ASC 958-605, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605, such contributions are required to be reported as contributions with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or compliance with the purpose restriction.

**Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, the Organization considers all undesignated, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Contributions receivable**

Contributions receivable are unconditional promises to give, with donor restrictions, that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Property and equipment**

The Organization's policy is to capitalize assets with a cost of \$3,000 or more and a useful life greater than one (1) year. Property and equipment is recorded at cost, except for donated items (used in operations of the Organization) which are recorded at fair market value as of the date received. Assets are depreciated using the straight-line method over their respective estimated lives, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	5-39 years
Furniture and equipment	3-5 years

**Advertising costs**

The Organization's policy is to expense advertising costs as such costs are incurred.

**Compensated absences**

Valerie's House accumulates and records a contingent liability for compensated absences accrued by employees. Upon termination of employment, employees can receive payment for vacation leave up to 160 hours if they meet certain criteria. Unused vacation leave and related employer costs as of December 31, 2023, have been accrued and recorded as a liability.

**Fair value of financial instruments**

The FASB ASC Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Valerie's House's financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. Valerie's House estimates that the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position due to their short term nature.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fair value of financial instruments, continued**

Valerie's House adheres to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-50-1 through 820-10-50-8 (formerly Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements"). FASB ASC 820-10 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level (1) inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level (2) inputs are from other than quoted market prices included in Level (1) that are observable for the asset or liability either directly or indirectly. These inputs include quoted market prices in active markets for similar assets. Level (3) inputs have the lowest priority and consist of unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. Valerie's House uses appropriate valuation techniques based on the available inputs to measure fair value of its investments. When available, Valerie's House measures fair value using Level (1) inputs because they generally provide the most reliable evidence of fair value. No Level (1), Level (2) or Level (3) inputs were used by Valerie's House at December 31, 2023.

Assets and liabilities such as cash, receivables, payable and accrued liabilities are recorded at cost which approximate fair value due to the short term nature of the assets and liabilities.

**Impairment of fixed assets**

The Organization adheres to FASB ASC 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from FASB ASC 360-10-50-2 for the year ended December 31, 2023.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Contributions**

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

**Net Assets Without Donor Restrictions** - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Net Assets With Donor Restrictions** - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization or temporary stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.

**Donated services**

A number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services. No amount has been reflected in the financial statements for these donated services, inasmuch as no objective basis is available to measure the value of such services.

**Volunteer Services:** Volunteers are a vital part of the success of the programs at Valerie's House, Inc. For the year ended December 31, 2023, there were 212 volunteers who collectively provided 5,423 hours. These in-kind services have not been valued or recorded in these financial statements in accordance with generally accepted accounting standards as they do not meet the criteria for recording.

The Organization was provided common-area meeting space to conduct support groups and activities at their Punta Gorda, Port Charlotte and Pensacola locations at no cost. No amounts for rent and related facility use benefits have been recorded by the Organization as no reasonable basis to do so has been determined.

**In-Kind Contributions**

In-kind contributions are recorded in the accompanying financial statements at their cost or estimated fair value if cost value is not available on the date of the receipt.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**In-Kind Contributions, continued**

Contributions of services are recognized only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation.

The Organization received various in-kind contributions in the amount of \$86,305 for program supplies, services, and construction material. The total of all in-kind donations has been recorded as both a revenue and increase to program supplies, various services, and construction in progress (Fort Myers location).

**Revenue recognition**

Revenue from Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization records the following exchange transaction revenue in its statement of activities for the year ended December 31:

Special Event Revenue - The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the Statement of Activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization to allocate the transaction price to the performance obligations. As such, the Organization presents the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end for an event that will occur after year-end, the Organization follows

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Revenue recognition, continued**

AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as unearned revenue along with the exchange component.

Revenue from Non-Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its Statement of Activities for the years ended December 31:

Contributions and other grants - Revenue from contributions is recognized at the time the contribution is made. Revenue from grants is recognized as reimbursements are requested and barriers are met.

All grantor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

**Functional Expenses/Cost Allocation**

The cost of providing the various programs and other activities has been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, related benefits and workers compensation insurance which are allocated on the basis of estimates of time and effort. The remaining expenses were specifically identified according to their purpose and charged directly to program or supporting services according to their natural expenditure classification.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Income taxes**

No provision for income tax expense has been made in the accompanying financial statements since the Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

**Accounting for Uncertainty in Income Tax Items**

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization has adopted this guidance. The Organization has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expenses, if required.

**Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**New Accounting Standard - Allowance for Credit Losses**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**New Accounting Standard - Allowance for Credit Losses, continued**

other instruments that aren't measured at fair value through change in net assets. The most significant change in this Standard is a shift from the incurred loss model to the expected loss model. Under the Standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were contributions receivable and other receivables. The Organization adopted the Standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and therefore not recorded.

**Subsequent events**

Subsequent events have been evaluated through August 23, 2024, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following at December 31, 2023:

	<u>Amount</u>
Depository accounts	<u>\$ 3,664,245</u>

At December 31, 2023, capital campaign for a new facility - restricted cash balance was \$1,004,814, \$3,400 for Family Initiatives and \$25,540 for future Endowment totaling \$1,033,754 and is reflected as net assets with donor restrictions.

**Concentration of credit risk**

The Organization maintains its cash and cash equivalent balances at a financial institution which at times may exceed federally insured limits. The cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The uninsured bank balance as of December 31, 2023, was \$3,183,321. The Organization has not experienced any economic losses on such account. The Organization believes it is not exposed to any significant credit risk regarding its cash balances.

**NOTE C - CONDITIONAL CONTRIBUTIONS RECEIVABLE**

During the year ended December 31, 2021, the Organization received a conditional promise to give in exchange for the permanent naming of one room in the Valerie's House (new facility under construction). The Organization met the condition of the pledge by raising an additional \$500,000 toward the construction of the new facility. The receivable is valued at net present value using a discount rate of 3.25%. The Organization collected \$100,000 of the promise to give during the year ended December 31, 2023. Management believes the receivable is fully collectible.

Contributions receivable - restricted at December 31, 2023, are due as follows:

<u>Years ending December 31:</u>	<u>Amount</u>
2024	\$ 100,000
2025	100,000
2026	<u>100,000</u>
	300,000
Less: unamortized discount	<u>(18,493)</u>
Net contributions receivable	<u>\$ 281,507</u>

Accumulated discount amortization was \$26,787 at December 31, 2023. Discount amortization was \$12,009 for the year ended December 31, 2023, and is credited to contributions revenue.

**NOTE D - CONTRIBUTIONS RECEIVABLE**

At year ended December 31, 2023, the Organization had received various contributions of \$368,500 that are restricted for the capital campaign project. The receivables are valued at net present value using a discount rate of 8.50%. The Organization collected \$159,000 of the pledges during the year ended December 31, 2023. Management believes the receivables are fully collectible.

Contributions receivable - restricted at December 31, 2023, are due as follows:

<u>Years ending December 31:</u>	<u>Amount</u>
2024	\$ 85,500
2025	66,500
2026	46,500
2027	<u>11,000</u>
	209,500
Less: unamortized discount	<u>(29,867)</u>
Net contributions receivable	<u>\$ 179,633</u>

**NOTE D - CONTRIBUTIONS RECEIVABLE, CONTINUED**

Accumulated discount amortization was \$12,140 at December 31, 2023. Discount amortization began during the year ended December 31, 2023 and was \$12,140 for the year ended December 31, 2023, and was credited to contributions revenue.

**NOTE E - OTHER RECEIVABLES**

During the year ended December 31, 2023, the Organization had other receivables consisting of \$203,511 in donations and \$29,549 in grants, totaling \$233,060. Management believes the other receivables to be fully collectible.

**NOTE F - PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at December 31, 2023:

	<u>Amount</u>
Land	\$ 253,350
Building	661,137
Building improvements	-
Furniture	-
	<u>914,487</u>
Less: accumulated depreciation	<u>(13,574)</u>
Property and equipment, net	<u>\$ 900,913</u>
Construction in progress - Fort Myers	<u>\$ 1,469,191</u>

Depreciation expense for the year ended December 31, 2023, was \$13,574.

The Organization began construction on its new Fort Myers location during the year ended December 31, 2022, on the land leased from the City of Fort Myers. Construction was completed and put in service in 2024. The Organization is finalizing costs and additional improvements. At December 31, 2023, remaining construction cost was anticipated to be approximately \$382,000. Management believes the remaining restricted funds for construction to be sufficient to pay for the remaining construction costs.

During the year ended December 31, 2023, the Organization purchased land and a house in Punta Gorda to be used as an operating facility by the Organization for \$429,064.

**NOTE G - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual donor-imposed restrictions within one year.

	<u>Amount</u>
Total current assets	\$ 4,200,424
Less: security deposits	(13,954)
Less: prepaid expenses	<u>(31,065)</u>
Financial assets at year-end	4,155,405
Less: those unavailable for general expenditures within one year due to:	
Donor restricted for capital campaign - restricted cash	(1,004,814)
Donor restricted for family assistance - restricted cash	(3,400)
Future donor restricted endowment - restricted cash	(25,540)
Conditional contribution receivable - restricted	(100,000)
Contributions receivable - restricted	(85,500)
Current liabilities	<u>(253,432)</u>
	<u>(1,472,686)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,682,719</u>

The Board had not self imposed any other limits on net assets without donor restrictions at December 31, 2023.

The Organization's goal is generally strive to maintain unrestricted financial assets to meet one year's operating expenses.

**NOTE H - LEASE COMMITMENTS**

The Organization leases office space.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This Standard requires lessees to recognize the assets and liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) - Targeted Improvements, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets

**NOTE H - LEASE COMMITMENTS, CONTINUED**

in the period of adoption. Valerie's House, Inc. adopted ASU 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of operating lease right-of-use assets (ROU assets) of \$167,983 as well as operating lease liability totaling \$167,983. Valerie's House, Inc. elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating prior-year net asset amounts or disclosures.

Total discounted future minimum lease payments on the Naples office space lease is as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2024	\$ 72,600
2025	36,300
	<u>108,900</u>
Impact of present value discount	(1,579)
Present value	<u>\$ 107,321</u>

Valerie's House, Inc. used a discount rate of 1.85%. Valerie's House had no incremental borrowing rate available, therefore the Prime rate as of June 30, 2019, (date of lease inception) was used to determine the future minimum lease payments.

Total rent/lease office expense for the year ended December 31, 2023, was \$102,850.

The Organization leased two additional office spaces in Fort Myers for twelve (12) month terms. The first lease had a beginning of February 1, 2022, and ended January 31, 2023, at a monthly rate of \$2,200. The lease transitioned to a month-to-month basis after the term ended. The second lease had a beginning of August 8, 2022, and ended on August 7, 2023, at a monthly rate of \$700. The lease transitioned to a month-to-month lease after the term ended. The office space leases are considered immaterial and therefore, not included in the liability above. These leases terminated when the new Fort Myers facility was constructed and available for occupancy in 2024.

The Organization also rents a storage unit at a cost of \$7,782 for the year ended December 31, 2023, on a short term basis.

**VALERIE'S HOUSE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023**

**NOTE I - NET ASSETS**

Net assets consisted of the following at December 31, 2023:

	<u>Amount</u>
Without donor restrictions:	
Unrestricted - undesignated	\$ 5,097,842
Unrestricted - Board designated capital campaign	<u>-</u>
	<u>5,097,842</u>
With donor restrictions:	
<u>Temporarily Restricted</u>	
Capital campaign	1,465,954
Endowment fund - future	25,540
Family assistance fund	<u>3,400</u>
	<u>1,494,894</u>
Total Net Assets	<u>\$ 6,592,736</u>

The Organization had no permanently restricted net assets at December 31, 2023.

The Organization had restricted cash in the amount of \$1,033,754, restricted conditional contribution receivable of \$281,507, and restricted contributions of \$179,633 at December 31, 2023, including temporarily restricted net assets.

**NOTE J - ECONOMIC DEPENDENCE CONCENTRATIONS OF RISK**

The operations of Valerie's House, Inc. is dependent on the receipt of support and revenue from grantor agencies, donors and fundraising events. Loss of these funds and/or large decreases in these types of funding would have a material effect on the Organization and a negative impact on overall operations. For the year ended December 31, 2023, the Organization received approximately 98% of its support from donations and grants.

**NOTE K - COMMITMENTS AND CONTINGENCIES**

The Organization is currently receiving and previously has received grants, contracts, and other third party funds which may be subject to special compliance audits by the grantor and other third party agencies that provided these funds. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Such liabilities are not reflected within the financial statements of the Organization, as management does not believe any material contingent liabilities exist.

**NOTE K - COMMITMENTS AND CONTINGENCIES, CONTINUED**

The Organization entered into a lease agreement with the City of Fort Myers for the use of land for a term of ninety-nine (99) years beginning in November 13, 2019, for a sum of a one (1) dollar annually. The Organization has the option to purchase the land in the amount of \$210,000 in year seven (7) through ten (10) of the lease term. The Organization is required to begin construction of a facility that provides children's grief services within thirty six (36) months of the commencement of the lease. The Organization started construction on the facility during the year ended December 31, 2022, and completed construction in 2024.

**NOTE L - CAPITAL CAMPAIGN**

For the last several years the Organization has implemented a capital campaign to fund construction of an operating facility in Fort Myers on the land the City of Fort Myers has offered (NOTE K). The capital campaign goal was \$3,000,000. At December 31, 2022, the capital campaign held \$2,335,841. Permitting began in January 2022. The Organization began construction on their new operating facility in June 2022. The Organization has contracted with a major home builder to lead the construction and act as project manager. During the year ended December 31, 2023, the cost incurred for the project was \$1,000,319. Total cost incurred to date at December 31, 2023, was \$1,469,191. The total project cost is expected to be approximately \$1,900,000, however, the Organization and the project manager are actively seeking additional in-kind contributions to offset the costs of construction. The facility was completed and put in service in January 2024. The Organization is finalizing the related costs and additional improvements.

**NOTE M - SIMPLE IRA**

The Organization has established a simple IRA plan (the "Plan") for eligible employees. Employees are eligible to participate in the Plan if they are expected to earn at least \$5,000 in compensation in the calendar year and have received at least \$5,000 in compensation during at least two preceding calendar years. The Organization contributes a matching contribution up to a limit of 3% of the respective employee's compensation for the calendar year. For the year ended December 31, 2023, the Organization contributed \$14,596 in matching contributions, which is included in employee benefits.

**NOTE N - IN-KIND DONATIONS**

**Donated Goods and Services**

The Organization receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fundraising. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value of the donation.

The Organization received goods and donated services for facilities, technology, and repair services for the year ended December 31, 2023:

<u>Program or Supporting Service</u>	<u>Donated Goods</u>	<u>Donated Services</u>	<u>Total</u>
Program*	\$ 41,852	\$ -	\$ 41,852
General and Administrative	-	44,453	44,453
Special Events and Fundraising	-	-	-
Total	<u>\$ 41,852</u>	<u>\$ 44,453</u>	<u>\$ 86,305</u>

\* Includes CIP goods of \$38,237.

The in-kind contributions were recorded as revenue and an offsetting expense or capital asset at December 31, 2023.

All donated goods and services were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions associated with the donated goods and services. Donated program services are valued using the most recent Bureau of Labor Statistics; average hourly wage in the Organizations' metropolitan area. Donated goods are valued at the prices that would be received for selling similar products.

**NOTE O - UNITED WAY CONTRIBUTIONS**

The Lee County United Way provided the Organization with annual allocated grants of \$41,500 for the year ended December 31, 2023. The United Way of West Florida and United Way of Charlotte provided the Organization with \$21,700 and \$49,114, respectively, for the year ended December 31, 2023.