



PHOENIX FAMILY
FINANCIAL STATEMENTS
Year Ended June 30, 2022





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

PHOENIX FAMILY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phoenix Family, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Phoenix Family as of June 30, 2022, and the changes in its net assets and cash flow 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 ("GAAS"). 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 Phoenix Family 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.

Emphasis of a Matter - Restatement

As discussed in Note 13, beginning net assets as of July 1, 2022 has been restated to correct a misstatement arising from the accounting for deferred revenue. Our opinion is not modified with respect to this matter.

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 Phoenix Family's ability to continue as a going concern for 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 GAAS and *Government 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, 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
May 12, 2023

PHOENIX FAMILY
STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents		
Operating cash	\$	264,155
Restricted cash and cash equivalents:		
Cash reserve		424,695
Restricted cash		15,317
Designated cash		1,042,149
Total cash and cash equivalents		1,746,316
Receivables, net		602,884
Unconditional promises to give, net - current portion		20,130
Prepaid expenses		5,000
TOTAL CURRENT ASSETS		2,374,330

DEVELOPER FEE RECEIVABLE, less current portion	15,685
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UNCONDITIONAL PROMISES TO GIVE, less current portion	10,000
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INVESTMENTS	125,000
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FIXED ASSETS, at cost, less accumulated depreciation	8,520
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TOTAL ASSETS	\$ 2,533,535
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	23,590
Accrued expenses		238,238
Deferred revenue		209,000
Due to related party		379,335
TOTAL CURRENT LIABILITIES		850,163

NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS	1,566,194
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NET ASSETS WITH DONOR RESTRICTIONS	117,178
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TOTAL NET ASSETS	1,683,372
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TOTAL LIABILITIES AND NET ASSETS	\$ 2,533,535
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See Notes to the Financial Statements

PHOENIX FAMILY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SERVICE REVENUE	\$ 2,126,491	\$ -	\$ 2,126,491
GRANTS AND CONTRIBUTIONS	423,995	319,797	743,792
PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS	110,413	-	110,413
OTHER SUPPORT AND REVENUE			
Revenue from special events			
Contributions of cash and other financial assets	411,835	-	411,835
Less: special event expenditures	(142,283)	-	(142,283)
Net revenues from special events	269,552	-	269,552
Contributions of nonfinancial assets	161,455	-	161,455
Partnership management fees	9,400	-	9,400
Interest income	616	-	616
Release of restrictions	278,473	(278,473)	-
TOTAL OTHER SUPPORT AND REVENUE	719,496	(278,473)	441,023
TOTAL REVENUE	3,380,395	41,324	3,421,719
EXPENSES			
Program services	2,623,462	-	2,623,462
Supporting services			
Management and general	419,415	-	419,415
Fundraising	165,662	-	165,662
Total supporting services	585,077	-	585,077
TOTAL EXPENSES	3,208,539	-	3,208,539
TOTAL CHANGES IN NET ASSETS	171,856	41,324	213,180
NET ASSETS, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	1,068,738	75,854	1,144,592
Restatement of accounting for deferred revenue	325,600	-	325,600
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	1,394,338	75,854	1,470,192
NET ASSETS, END OF YEAR	\$ 1,566,194	117,178	1,683,372

See Notes to the Financial Statements

PHOENIX FAMILY

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services	Fundraising Services	Management and General	Total All Funds
Payroll and related expenses	\$ 2,077,641	\$ 119,023	\$ 343,655	\$ 2,540,319
Supplies and office	170,216	1,550	28,910	200,676
Tenant and family services	300,485	225	225	300,935
Meetings and training	26,859	562	8,239	35,660
Accounting and professional fees	16,457	504	27,211	44,172
Special event expenses	-	43,448	-	43,448
Depreciation	9,800	-	-	9,800
Insurance	22,004	350	11,175	33,529
TOTAL FUNCTIONAL EXPENSES	\$ 2,623,462	\$ 165,662	\$ 419,415	\$ 3,208,539
	<u>81.77%</u>	<u>5.16%</u>	<u>13.07%</u>	<u>100.00%</u>

See Notes to the Financial Statements

PHOENIX FAMILY
STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 213,180
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	9,800
Paycheck Protection Program loan forgiveness	(110,413)
Change in operating assets and liabilities:	
Receivables	(225,950)
Prepaid expenses	(4,995)
Developer fee receivable	51,970
Unconditional promises to give	(1,940)
Accounts payable	(26,972)
Accrued expenses	69,460
Deferred revenue	177,750
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>151,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	<u>(125,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Advance from related party	<u>379,335</u>
NET CHANGE IN CASH, RESTRICTED CASH AND CASH EQUIVALENTS	406,225
CASH, RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,340,091</u>
CASH, RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,746,316</u>
CASH AND CASH EQUIVALENTS	
Operating cash	\$ 264,155
Restricted cash and cash equivalents:	
Cash reserve	424,695
Restricted cash	15,317
Designated cash	1,042,149
CASH, RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>\$ 1,746,316</u>
NONCASH INVESTING AND FINANCING ACTIVITIES	
Paycheck Protection Program loan forgiveness	<u>\$ 110,413</u>

See Notes to the Financial Statements

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of operations - Phoenix Family Housing Corporation d/b/a Phoenix Family (the "Organization") empowers people living in low-income housing communities with the on-site support they need to gain stability and achieve self-sufficiency. The services help residents to build personal and financial assets, to overcome barriers to success, and to develop the skills needed to create a stable home. The Organization connects residents to critical resources and services, provides direct support, and supports residents as they become self-sufficient. Skilled and knowledgeable on-site staff members carry out the Organization's mission by providing support, advocacy, referrals, and program management to 5,262 people living in 2934 units at 22 senior residential communities and 11 multi-family communities in Missouri, Kansas, and Iowa. In addition, the Organization has partnerships with 11 other affordable housing communities, serving 1,078 units in 9 states nationwide. Phoenix Family Ventures, Inc. ("Ventures") a not-for-profit with a similar mission, has control over the appointment of the Board of Directors of the Organization. Ventures allows the two Organizations to segregate the social services and future affordable housing services components of each Organization's operations on a going forward basis.

Depreciation - Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5
Computer equipment	3 - 5
Vehicles	5

Capitalization policy - The Organization capitalizes fixed asset additions over \$1,500. Assets purchased are capitalized based on the cost of the asset. Assets donated are capitalized based on the fair value of the asset at the time of donation.

Cash, restricted cash, and cash equivalents - For purposes of the statements of cash flows, cash is considered to be bank checking accounts and cash on hand. Amounts included in restricted cash and cash equivalents represent those funds required to be set aside by donor restriction and board designated cash reserves. These restricted cash and cash equivalent amounts are reflected as assets on the statements of financial position. The restriction will lapse when the Organization's donor restrictions are satisfied, by board designation and upon the recognition of service revenue in accordance with Topic 606, *Revenue from Contracts with Customers*.

Real estate investments - The Organization has small fractional interests in several low-income housing partnerships. Management estimates that the value of their interests are negligible to the financial statements as a whole and has not reflected any value in these financial statements.

Investments - Investments are carried at fair value with investment income included in operating income on the statements of activities. These investments consist solely of certificates of deposit.

Use of 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.

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

Functional expenses - The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service. Payroll and related expenses are allocated based upon where a staff person spends their time. The Organization separates its accounts into various department categories according to their natural classification to aid in tracking expenses. The amount of supplies and office and meetings and training expenses are recorded to program, management and general and fundraising based upon these department codes.

Net assets with donor restrictions - Net assets with donor restrictions consist of purpose and time restrictions on grants and other contributions.

Net assets without donor restriction - Net assets without donor restriction consist of amounts that are available for use in carrying out the operations of the Organization. These include those expendable resources which have been designated by the Board of Directors.

Board designated net assets - Board designated net assets represent funds without donor restriction designated by the board of directors for specific projects and/or cash shortfalls and are included within restricted cash and cash equivalents.

Revenue recognition - Contributions, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Contributions with donor imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purpose restriction has been satisfied. Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement.

The Organization recognizes service, partnership management fee, and developer fee revenues in accordance with Topic 606, *Revenue from Contracts with Customers*. Revenue recognition is based on the five-step model: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. Revenues are recognized when the performance obligations of providing the services are met.

Service fees are recognized ratably over the contract service period as benefits are provided consistently through the service period. Service fees are payable in equal monthly installments over the terms of the related contracts. If it is determined that a contract with enforceable right and obligation does not exist, revenues are deferred until all criteria for an enforceable contract are met. Payment of management fees are collected when sufficient surplus cash exists at the partnership level in accordance with the terms of the partnership agreement and regulatory agreements. Developer fees are recognized ratably over the development period of the projects. Payment of developer fees are collected when sufficient surplus cash exists at the partnership level in accordance with the terms of the partnership agreement and developer fee agreements.

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Donated assets are reflected as contributions at their estimated fair value at the date of receipt. A substantial number of volunteers have donated hundreds of hours during the year ended June 30, 2022, which do not meet the requirements of the Not-For-Profit Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification related to revenue recognition of contributions received and, accordingly, are not recorded in these financial statements. Donated services and goods during the year ended June 30, 2022 have been included as contributions of nonfinancial assets in the statement of activities and changes in net assets. Of these amounts, the Organization recognized \$10,500, of donated office space, which reflects management's estimate of the value of the space for the year ended June 30, 2022.

Taxes - The Organization has been granted exemption from income taxes by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and is considered a public charity.

The Organization assesses uncertain tax positions on an annual basis. This assessment includes the assessment of private benefits to related parties and disqualified persons. Management believes that no excess private benefit has been conveyed through June 30, 2022. This determination has been made through an assessment of estimated revenue streams in relation to below market loans, including developer fees, support service fees, and initially projected principal and interest payment streams. There has not been any interest or penalties recognized in the statement of activities or statement of financial position related to uncertain tax positions. The Organization is no longer subject to income tax examination by taxing authorities for years before 2019.

Deferred revenue - Deferred revenue primarily represents funding that has been received from individual apartment complexes under contractual obligations to provide services to tenants at future points in time that were funded through agreements between the various apartment complexes and the State of Missouri ("Note Sale Agreements") . Under the terms of the agreements, upon receipt of the funding, which is received prior to the service being performed, there are stipulations that necessitate the dollars be used at specific properties, as directed by the State, and which further require the properties be maintained as affordable, both of which meet the definitions of conditions. Further, the contracts carry explicit provisions that call for a right of return if the conditions are not met.

Consolidation - In connection with the Organization's investments in certain real estate partnerships, as required by accounting principles generally accepted in the United States of America, management annually assesses whether consolidation is required in the financial statements of these interests, either directly at the Organization level or indirectly through the Organization's ownership in various limited partner, general partner, and member positions in various affordable housing projects. Factors that are considered include assessment of the power to control the entities in question and the economic obligations of the projects.

As of June 30, 2022, management has assessed each of these projects and determined that consolidation of project level activity is either not required or the activities were negligible. However, should economic factors or other factors change in the future, consolidation may be required.

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

Contributions of non-financial assets - In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which was adopted on July 1, 2021, which increases the transparency regarding contributed nonfinancial assets through presentation and disclosure, both quantitative and qualitative. The standard requires the Organization to present additional information regarding contributed nonfinancial assets. Donated assets are reflected as in-kind contributions at their estimated fair value when received. There were no gifts in-kind subject to donor-imposed restrictions. The following were received during the year ended June 30, 2022:

- The Organization received \$145,195 in contributed holiday gifts for its Adopt A Family and Adopt A Senior holiday initiatives. In order to determine the estimated value of donated gifts, the Organization selects a sample of gifts and searches for the price of item from a reputable retailer. The Organization averages the totals of gifts sample to determine an average price on total gifts allocated to a child, senior and household. The average is then applied to the entire population of children, seniors and households included in the initiative.
- The Organization received \$5,760 in donated masks. The donated masks were valued based upon estimated prices of identical or similar products.

(2) **Receivables**

Receivable - Department of Housing and Urban Development ("HUD")	\$	469,641
Trade receivables		130,110
Partnership management fees receivable		4,633
Less: allowance for doubtful accounts		(1,500)
Net other receivables	\$	<u>602,884</u>

The Organization allows for aged trade and partnership fee receivables where no payments have been made in the current year and which has an outstanding balance of greater than one year.

(3) **Developer fee receivable**

In connection with the Organization's participation in the development of an apartment complex located in Burlington, Iowa ("Stone Gardens"), the Organization earned, along with the co-developer, a development fee totaling \$1,650,000, of which the Organization's portion of the fee amounted to \$825,000. The Organization is the sole member in the general partner for the partnership that owns this apartment complex. Any unpaid development fee will be non-interest bearing.

The anticipated payout for the remaining fee is expected to be as follows:

<u>Years ending June 30,</u>	
2024	\$ <u>15,685</u>

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(4) Note receivable

The Organization owns a 100% interest in Greenway GP, LLC. Greenway GP, LLC is the general partner in Greenway of Burlington Associates, LP, which owns the apartment complex discussed in Note 3. HUD assigned its interest in the previous owner's mark-to-market mortgage note, which amounted to approximately \$1,420,280, to Greenway GP, LLC. Due to the low priority of this obligation in relation to the other obligations of the partnership and management's assessment of the low likelihood that the complex will generate sufficient cash flow to provide for repayment of this obligation prior to its maturity on December 31, 2041, management has assessed the probability of the note generating positive cash flow to be remote. In the event that the project does generate sufficient cash flow to make payments on this obligation, the Organization, in negotiations with the special limited partner, has agreed to use a substantial portion of such funds received to provide on-site social services at the complex. With consideration of the aforementioned factors, the Organization has fully reserved the note as of June 30, 2022. All other activities of Greenway GP, LLC, as a subsidiary of the Organization, are considered negligible to the financial statements of the Organization taken as a whole.

Management will reassess the value of this obligation on an annual basis and, if economic factors and cash flows change, the Organization will reflect the changes as current period income or expense. During the year ended June 30, 2022, there was no activity included in the financial statements for this note receivable.

(5) Unconditional promises to give

Promises to give are carried at promised amounts, less a discount for promised gifts to be received more than one year from the statement of financial position date. The discounts on these amounts are computed using interest rates applicable to the years in which the promises are received. The discount rate used in valuing unconditional promises to give was 1.87% as of June 30, 2022. Amortization of the discount is included in contribution revenue. Management has evaluated the discount as of June 30, 2022 and has determined it is immaterial to the financial statements taken as a whole.

On a periodic basis, the Organization evaluates promises to give and establishes an allowance for doubtful collections, based on history, past write-offs and collections and current conditions. A promise is written off when it is determined that all collection efforts have been exhausted. Management has estimated no allowance was necessary for uncollectible accounts as of June 30, 2022.

Unconditional promises to give	\$	30,130
Less: current portion		(20,130)
Long-term unconditional promises to give	\$	10,000

Amounts due in:

<u>Years ending June 30.</u>		
2023	\$	20,130
2024		10,000
Total unconditional promises to give	\$	30,130

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(6) Fixed assets

Cost		
Furniture, fixtures and equipment	\$	7,718
Computer equipment		104,935
Vehicles		48,999
Total cost		<u>161,652</u>
Less: accumulated depreciation		(153,132)
Net fixed assets	\$	<u><u>8,520</u></u>

Depreciation expense charged to operations was \$9,800 for the year ended June 30, 2022.

(7) Paycheck Protection Program loan payable

During the year ended June 30, 2021, the Organization applied for and received a second Paycheck Protection Program (“PPP2”) loan of approximately \$313,812, as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 2, 2021. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs and that certain employment levels are maintained. If the funds are used for other items not specified within the agreement, the loan accrues interest at 1% with monthly payments of \$7,038 beginning on July 2, 2022 and will mature April 2, 2026. Through June 30, 2022, the Organization had used \$313,812 of the proceeds on qualified costs, as such, this amount has been reported as contribution revenue of \$203,399 and \$110,413 during the years ended June 31, 2021 and June 30, 2022, respectively.

The Organization received forgiveness of the principal and interest accrued on this loan on July 13, 2022.

(8) Net assets with donor restrictions

Net assets with donor restrictions are comprised of the following:

HIKE Reading Achievement Program	\$	55,802
Emergency Assistance		19,035
Senior Empowerment Program		9,496
Other purposes		4,845
Time restricted, net		28,000
Total	\$	<u><u>117,178</u></u>

Net assets with donor restrictions were released from restriction for the following purposes:

HIKE Reading Achievement Program	\$	77,990
Emergency Assistance		55,470
Senior Empowerment Program		16,149
Time restricted		3,870
Other purposes		124,994
Total	\$	<u><u>278,473</u></u>

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(9) **Lease commitments**

The Organization leases solar panels and a copier under operating leases. Minimum future rental payments under these non-cancelable leases with an original term in excess of one year are as follows:

Years ending June 30,

2023	\$	16,900
2024		16,900
2025		16,900
2026		16,900
2027		13,500
Thereafter		22,700
Total	\$	<u>103,800</u>

Total rent and occupancy expense was \$25,022 for the year ended June 30, 2022. This expense includes the amount of donated office space described in Note 1.

(10) **Related party transactions**

During the year ended June 30, 2022, \$270,000 was contributed to the Organization from Ventures. As of June 30, 2022, \$379,335 was owed to Ventures for advances to fund operations resulting from delays in HUD funding.

In addition to the developer fee discussed in Note 3, the Organization also earned partnership management fees and distributions of \$9,400 from Partnerships in which the Organization holds an ownership interest, which have been reflected on the statement of activities and changes in net assets for the year ended June 30, 2022.

(11) **Concentrations**

The Organization maintains cash balances in financial institutions in excess of FDIC insurance limits. Management monitors the soundness of the institutions involved and feels that the Organization's risk is negligible. The Organization has not experienced any losses in such accounts.

The Organization offers services to multiple properties, of which approximately 24% of these properties are owned by one entity as of June 30, 2022. The remaining properties are owned by various other owners.

Several parties who owe the Organization receivables depend on service coordinator grant proceeds from HUD to fund a substantial portion of its programs. Approximately 22% of the receivables, net balance was due from these parties as of June 30, 2022. Approximately 78% of the receivables balance was due from HUD.

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(12) Liquidity

The following reflects the Organization's financial assets as of June 30, 2022, available for general expenditures within one year of the statements of financial position.

Financial assets, end of year	
Cash and cash equivalents	\$ 1,746,316
Receivables, net	602,884
Unconditional promises to give, net - current portion	20,130
Subtotal	<u>2,369,330</u>
Less those unavailable for general expenditures within one year due to:	
Restricted cash	(15,317)
Designated cash	(1,042,149)
Cash reserve	<u>(424,695)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 887,169</u>

Phoenix Family has a goal to maintain financial assets consisting of cash and cash equivalents and receivables and promises to give expected to be converted quickly to cash on hand to meet 90 days of normal operating expenses. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing business activities to be general expenditures except those relating to specific donor-imposed purpose restrictions and cash amounts held to be utilized at specific property locations. Phoenix Family has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due by operating a balanced budget. Thus the Organization anticipates collecting sufficient revenue to cover general expenditures. In addition, as part of its liquidity management, Phoenix Family's board of directors has designated funds to hold a cash reserve in a money market account to utilize towards any special projects or cash shortfalls.

(13) Restatement

During the year ended June 30, 2022, management evaluated activities that had previously been reflected as having resulted in deferred revenue and determined that the terms of the agreements related to its apartment complex service contracts were paid upon services being provided. As such, funding that had been received over the years prior to June 30, 2022 and deposited in accounts to be used at the properties, if shortfalls were to occur, had met the requirements of revenue recognition and the fact that such funds were set-aside did not alter the nature of the transaction. Accordingly, the balance of deferred revenue at June 30, 2021 related to the service contracts, totaling \$325,600, has been reflected as having been earned and, accordingly, the opening balance of unrestricted net assets was restated. The effect on the prior year net income approximated an understatement of \$40,000.

(14) Subsequent events

The Organization has evaluated subsequent events through May 12, 2023, which is the date the financial statements were available to be issued. No significant matters, besides the matter described in Note 7, were identified for disclosure during this evaluation.