

STABILITY FIRST, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2023

STABILITY FIRST, INC.

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Independent Auditors' Report

To the Board of Directors
STABILITY FIRST, INC.
Martinsville, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Stability First, Inc. (an Indiana Not-for-Profit Corporation), which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Stability First, 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 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 Stability First, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 Stability First, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

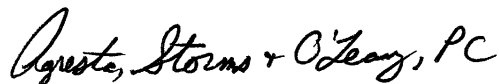
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 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 Stability First, 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 Stability First, 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.



Indianapolis, Indiana
August 29, 2024

STABILITY FIRST, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Current assets:	
Cash	\$ 367,666
Inventory	<u>5,898</u>
Total current assets	<u>373,564</u>
Property and equipment:	
Land	63,548
Buildings	254,194
Improvements	335,560
Furniture and equipment	45,446
Construction in progress	<u>6,655</u>
Total property and equipment	705,403
Accumulated depreciation	<u>(112,396)</u>
Property and equipment, net	<u>593,007</u>
Total assets	<u><u>\$ 966,571</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 3,525
Accrued payroll and related tax liabilities	<u>14,536</u>
Total current liabilities	18,061
Net assets:	
Without donor restrictions	636,522
With donor restrictions	<u>311,988</u>
Total net assets	<u>948,510</u>
Total liabilities and net assets	<u><u>\$ 966,571</u></u>

See Accompanying Notes to Financial Statements.

STABILITY FIRST, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 358,362	\$ 318,643	\$ 677,005
Grants	49,255	-0-	49,255
Fundraising events	41,408	-0-	41,408
Maggie Bags sales	27,118	-0-	27,118
Other income	13,167	-0-	13,167
In-kind contributions	8,842	-0-	8,842
	<u>498,152</u>	<u>318,643</u>	<u>816,795</u>
Net assets released from restrictions	6,655	(6,655)	-0-
Total support and revenues	<u>504,807</u>	<u>311,988</u>	<u>816,795</u>
Expenses:			
Program services	405,396	-0-	405,396
Management and general	83,644	-0-	83,644
Fundraising	91,000	-0-	91,000
Total expenses	<u>580,040</u>	<u>-0-</u>	<u>580,040</u>
Changes in net assets	(75,233)	311,988	236,755
Net assets , beginning of year	<u>711,755</u>	<u>-0-</u>	<u>711,755</u>
Net assets , end of year	<u><u>\$ 636,522</u></u>	<u><u>\$ 311,988</u></u>	<u><u>\$ 948,510</u></u>

See Accompanying Notes to Financial Statements.

STABILITY FIRST, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 232,242	\$ 40,409	\$ 2,827	\$ 275,478
Direct fundraising expenses	-0-	-0-	46,426	46,426
Utilities	29,038	3,227	-0-	32,265
Professional services	13,222	15,857	-0-	29,079
Advertising	7,643	-0-	19,616	27,259
Other operating expenses	22,295	-0-	-0-	22,295
Payroll taxes	18,118	3,153	221	21,492
Fundraising event expenses	-0-	-0-	18,030	18,030
Grant expenses	18,026	-0-	-0-	18,026
Depreciation	15,997	1,777	-0-	17,774
Dues and subscriptions	5,217	6,327	3,880	15,424
Maintenance and repairs	12,409	1,379	-0-	13,788
Miscellaneous expenses	12,831	-0-	-0-	12,831
Insurance	8,834	1,559	-0-	10,393
Cost of goods sold	8,382	-0-	-0-	8,382
Office expenses	-0-	7,273	-0-	7,273
Bank charges	-0-	2,608	-0-	2,608
Training and staff development	1,142	-0-	-0-	1,142
Interest expense	-0-	75	-0-	75
Total expenses	<u><u>\$ 405,396</u></u>	<u><u>\$ 83,644</u></u>	<u><u>\$ 91,000</u></u>	<u><u>\$ 580,040</u></u>

See Accompanying Notes to Financial Statements.

STABILITY FIRST, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 236,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	17,774
Effect of changes in operating assets and liabilities:	
Inventory	1,065
Accounts payable	1,525
Accrued payroll and related tax liabilities	<u>3,203</u>
Net cash provided by operating activities	<u>260,322</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(33,462)</u>
Net cash used in investing activities	<u>(33,462)</u>
Cash flows from financing activities:	
Net repayments on line of credit	<u>(5,995)</u>
Net cash used in financing activities	<u>(5,995)</u>
Net increase in cash	220,865
Cash , beginning of year	<u>146,801</u>
Cash , end of year	<u><u>\$ 367,666</u></u>
Supplemental:	
Interest paid	<u><u>\$ 75</u></u>

See Accompanying Notes to Financial Statements.

STABILITY FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Stability First, Inc. (the Organization) was incorporated as a not-for-profit organization on May 18, 2015 in the State of Indiana. Stability First, Inc. was established as a faith-based, not-for-profit domestic corporation for the purpose of providing support to those facing addiction and crises offering a transitional shelter, one-on-one professional counseling, case management, group support, education and general counseling.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

FINANCIAL STATEMENT PRESENTATION

The financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of changes in net assets. The two part net asset accounts used include the following:

Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. At December 31, 2023, the Organization had net assets without donor restrictions of \$636,522.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. At December 31, 2023, the Organization had net assets with donor restrictions of \$311,988.

CASH AND CASH EQUIVALENTS

Stability First, Inc. considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

INVENTORY

Inventory consists of raw materials and finished goods of \$5,898 at December 31, 2023 related to the production and sale of Maggie Bags. Inventory items are valued at cost using the first-in, first-out (FIFO) method.

STABILITY FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, or if donated, at the approximate fair market value at the date of donation, and are depreciated using the straight-line method over estimated useful lives, which range from 5 to 39 years. Deductions are made for retirements resulting from renewals or betterments. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized.

IMPAIRMENT OF LONG-LIVED ASSETS

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2023.

SUPPORT AND REVENUES

Contributions and grants—Contributions and grants are recognized as revenue in the period received, when a donor makes an unconditional promise to give, or at the time a claim for the actual cost of providing services is determined and reported in the statement of activities and changes in net assets. These contributions and grants are recorded as restricted support if they are received with donor or grantor stipulations that limit the use of the contributions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction 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. However, if restrictions on contributions or grants are met in the same reporting period as the contribution or grant is received, the amounts are reported as increase in net assets without donor restrictions.

In-kind contributions—in-kind contributions are recognized if the goods or services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, in accordance with ASC 958, *Accounting for Contributions Received and Contributions Made*. During the year ended December 31, 2023, \$8,842 was recognized for donated goods and services.

Maggie Bags sales—Maggie Bags sales relate to the sale of internally produced bags through the Organization's skills-readiness, micro enterprise program. Sales are recognized as revenue at the time merchandise is transferred to the customer as performance obligations are satisfied at a point in time. There are no financing components as payment is received at the time of sale. Sales returns have not been significant and sales do not give rise to significant variable consideration.

STABILITY FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

INCOME TAXES

Stability First, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax under the Indiana Not-For-Profit Corporation Act of 1971. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying financial statements. The Organization has been classified under Section 170(b)(1)(A) of the Internal Revenue Code as a Publicly Supported Organization, not a private foundation, and qualifies for the 50% charitable contribution for individual donors. There was no unrelated business income for the year ended December 31, 2023.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as penalties. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof, as well as other factors. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's management believes it is no longer subject to income tax examinations for years prior to 2020.

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 certain reported amounts and disclosures. Functional expenses have been classified as program services, management and general, and fundraising based on the actual direct expenditures and cost allocations based upon management estimates and other appropriate measures. Accordingly, actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements include depreciation and allocation of functional expenses.

ADVERTISING EXPENSES

Stability First, Inc. expenses advertising and marketing costs as incurred. For the year ended December 31, 2023, the Organization incurred \$27,259 for advertising and marketing.

FUNCTIONAL EXPENSES

The allocation of the costs of providing the Organization's various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program services, management and general, and fundraising based on management's estimates of resources devoted to these activities.

STABILITY FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, 2023, the Organization's financial assets available for general expenditures within one year of the statement of financial position date include the following:

Cash	<u>\$ 367,666</u>
Total financial assets	367,666
Less amounts unavailable for general expenditures within one year due to:	
Restricted by donors' purpose	<u>(311,988)</u>
Total financial assets available to management for general expenditures within one year	<u><u>\$ 55,678</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a committed line of credit of \$250,000, which it could draw upon in the event of an unanticipated liquidity need. See Note 3.

3. LINE OF CREDIT

Stability First, Inc. has a \$250,000 line of credit with a bank, which expires in June 2027. Interest on advances against the line of credit is 1% plus the federal prime rate (9.5% at December 31, 2023) and is secured by a mortgage on its primary facility. At December 31, 2023, there was no outstanding balance on the line of credit.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 are as follows:

Development of Foundations House (men's transitional house)	<u><u>\$ 311,988</u></u>
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5. CONCENTRATIONS

Financial instruments, which potentially subject Stability First, Inc. to concentrations of credit risk, consist principally of temporary cash investments with high-credit, quality financial institutions. From time to time, cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

STABILITY FIRST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through August 29, 2024, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.