



New Beginnings

Audit of Financial Statements
Years Ended December 31, 2021 and 2020
Report in Accordance with *Government
Auditing Standards*
Year Ended December 31, 2021

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO
International Limited, a UK company limited by guarantee.



New Beginnings

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Years Ended December 31, 2021 and 2020
Report in Accordance with *Government Auditing Standards*
Year Ended December 31, 2021

New Beginnings

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Independent Auditor's Report

To the Board of Directors
New Beginnings
Seattle, Washington

Opinion

We have audited the financial statements of New Beginnings, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 New Beginnings as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 New Beginnings 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 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 New Beginnings' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

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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 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 and *Government 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 New Beginnings' 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 New Beginnings' 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022, on our consideration of New Beginnings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Beginnings' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Beginnings' internal control over financial reporting and compliance.

BDO USA, LLP

June 10, 2022

Financial Statements

New Beginnings
Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current Assets		
Cash	\$ 705,728	\$ 1,549,541
Restricted cash	10,000	10,000
Investments	2,263,841	1,974,254
Contributions receivable	12,690	1,341
Contracts receivable	397,268	606,473
Other receivables	5,524	225
Prepaid expenses	95,639	75,527
Total Current Assets	3,490,690	4,217,361
Restricted cash, net of current portion	221,744	216,434
Property and equipment, net	2,071,002	1,995,901
Total Assets	\$ 5,783,436	\$ 6,429,696
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 387,287	\$ 317,343
Advanced grant funding	12,295	793,977
Current portion of long-term debt	29,502	29,502
Total Current Liabilities	429,084	1,140,822
Accrued interest	204,082	208,026
Long-term debt, net of current portion	1,506,561	1,633,863
Total Liabilities	2,139,727	2,982,711
Net Assets		
Without donor restrictions	3,609,115	3,404,058
With donor restrictions	34,594	42,927
Total Net Assets	3,643,709	3,446,985
Total Liabilities and Net Assets	\$ 5,783,436	\$ 6,429,696

See accompanying notes to financial statements.

New Beginnings

Statements of Activities

Year Ended December 31,	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Public support						
Contributions, net	\$ 1,053,802	\$ 130,000	\$ 1,183,802	\$ 1,452,448	\$ 18,000	\$ 1,470,448
Grants from government agencies	3,412,734	-	3,412,734	2,411,819	154,137	2,565,956
Special events	113,540	-	113,540	-	-	-
Special event expenses	(37,042)	-	(37,042)	-	-	-
Total public support	4,543,034	130,000	4,673,034	3,864,267	172,137	4,036,404
Revenue						
Dividends and interest	100,415	-	100,415	38,947	-	38,947
Gain on investments	209,757	-	209,757	203,984	-	203,984
Miscellaneous income	10,313	-	10,313	47,385	-	47,385
Total revenue	320,485	-	320,485	290,316	-	290,316
Net assets released from restrictions						
Satisfaction of program restrictions	138,333	(138,333)	-	425,074	(425,074)	-
Total Support and Revenue	5,001,852	(8,333)	4,993,519	4,579,657	(252,937)	4,326,720
Expenses						
Program services						
King County Helpline	1,026,388	-	1,026,388	350,474	-	350,474
Community advocacy	1,388,577	-	1,388,577	1,231,423	-	1,231,423
Social change	282,847	-	282,847	166,557	-	166,557
Home Safe	1,533,653	-	1,533,653	1,653,168	-	1,653,168
Total program services	4,231,465	-	4,231,465	3,401,622	-	3,401,622
Supporting services						
Management and general	205,192	-	205,192	198,234	-	198,234
Fundraising	458,809	-	458,809	384,973	-	384,973
Total supporting services	664,001	-	664,001	583,207	-	583,207
Total Expenses	4,895,466	-	4,895,466	3,984,829	-	3,984,829
Change in Net Assets Before Non-Operating Activity	106,386	(8,333)	98,053	594,828	(252,937)	341,891
Paycheck Protection Program Loan forgiveness	98,671	-	98,671	-	-	-
Change in Net Assets	205,057	(8,333)	196,724	594,828	(252,937)	341,891
Net Assets, beginning of year	3,404,058	42,927	3,446,985	2,809,230	295,864	3,105,094
Net Assets, end of year	\$ 3,609,115	\$ 34,594	\$ 3,643,709	\$ 3,404,058	\$ 42,927	\$ 3,446,985

See accompanying notes to financial statements.

New Beginnings

Statement of Functional Expenses

Year Ended December 31, 2021	Program Services				Supporting Services			Grand Total	
	King County Helpline	Community Advocacy	Social Change	Home Safe	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and wages	\$ 575,144	\$ 753,725	\$ 182,031	\$ 646,370	\$ 2,157,270	\$ 75,163	\$ 263,865	\$ 339,028	\$ 2,496,298
Employee benefits	54,789	71,999	17,391	60,672	204,851	6,556	24,770	31,326	236,177
Payroll taxes	62,450	94,613	25,803	90,188	273,054	7,456	35,037	42,493	315,547
Total Salaries and Benefits	692,383	920,337	225,225	797,230	2,635,175	89,175	323,672	412,847	3,048,022
Special assistance to individuals	-	214,686	-	323,024	537,710	-	-	-	537,710
Professional fees	218,574	78,756	10,101	39,674	347,105	77,543	27,407	104,950	452,055
Occupancy	11,161	110,725	29,575	133,347	284,808	23,089	38,495	61,584	346,392
Communications	35,904	18,726	2,476	28,744	85,850	2,911	5,543	8,454	94,304
Equipment, repairs, and maintenance	6,966	14,632	2,198	24,820	48,616	774	3,164	3,938	52,554
Event costs	-	-	-	-	-	-	37,042	37,042	37,042
Staff education/training	29,733	1,734	1,660	1,763	34,890	572	1,058	1,630	36,520
Printing	-	207	865	207	1,279	659	28,965	29,624	30,903
Liability insurance	3,127	8,357	1,674	8,112	21,270	2,347	2,517	4,864	26,134
Taxes, permits, licenses, and service charges	250	180	29	1,809	2,268	360	18,303	18,663	20,931
Supplies	130	2,193	6,105	6,830	15,258	479	744	1,223	16,481
Advertising/marketing	7,974	2,402	87	2,195	12,658	1,995	640	2,635	15,293
Agency dues	-	3,940	1,179	4,651	9,770	2,027	905	2,932	12,702
Interpreters	2,732	5,819	-	2,259	10,810	-	-	-	10,810
Postage/shipping	236	426	55	259	976	576	5,897	6,473	7,449
Local transportation	43	359	108	4,056	4,566	23	205	228	4,794
Meeting expenses	914	924	143	720	2,701	201	172	373	3,074
Miscellaneous	-	-	-	127	127	1,879	-	1,879	2,006
Major donor cultivation	-	-	-	-	-	-	103	103	103
	317,744	464,066	56,255	582,597	1,420,662	115,435	171,160	286,595	1,707,257
Total Expenses Before Depreciation	1,010,127	1,384,403	281,480	1,379,827	4,055,837	204,610	494,832	699,442	4,755,279
Depreciation	16,261	4,174	1,367	153,826	175,628	582	1,019	1,601	177,229
Total Expenses	1,026,388	1,388,577	282,847	1,533,653	4,231,465	205,192	495,851	701,043	4,932,508
Food and beverages	-	-	-	-	-	-	(3,898)	(3,898)	(3,898)
Auction items	-	-	-	-	-	-	(8,797)	(8,797)	(8,797)
Entertainment and prizes	-	-	-	-	-	-	(68)	(68)	(68)
Printing and postage	-	-	-	-	-	-	(3,627)	(3,627)	(3,627)
Other direct expenses	-	-	-	-	-	-	(20,652)	(20,652)	(20,652)
Total Special Event Costs	-	-	-	-	-	-	(37,042)	(37,042)	(37,042)
Total Expenses, less special event costs	\$ 1,026,388	\$ 1,388,577	\$ 282,847	\$ 1,533,653	\$ 4,231,465	\$ 205,192	\$ 458,809	\$ 664,001	\$ 4,895,466

See accompanying notes to financial statements.

New Beginnings

Statement of Functional Expenses

Year Ended December 31, 2020	Program Services				Supporting Services			Grand Total	
	King County Helpline	Community Advocacy	Social Change	Home Safe	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and wages	\$ 52,796	\$ 666,621	\$ 102,829	\$ 653,412	\$ 1,475,658	\$ 71,396	\$ 202,109	\$ 273,505	\$ 1,749,163
Employee benefits	2,952	93,439	12,927	106,244	215,562	8,845	24,645	33,490	249,052
Payroll taxes	4,823	63,552	9,724	60,613	138,712	6,228	18,045	24,273	162,985
Total Salaries and Benefits	60,571	823,612	125,480	820,269	1,829,932	86,469	244,799	331,268	2,161,200
Special assistance to individuals	-	177,657	-	411,627	589,284	-	-	-	589,284
Professional fees	281,206	42,147	8,701	46,643	378,697	80,591	36,031	116,622	495,319
Occupancy	-	128,370	21,088	130,623	280,081	17,768	40,447	58,215	338,296
Communications	88	19,233	2,166	27,045	48,532	1,853	5,277	7,130	55,662
Equipment, repairs, and maintenance	3,244	9,687	1,552	24,001	38,484	2,814	4,679	7,493	45,977
Staff education/training	653	1,786	1,736	5,574	9,749	825	3,395	4,220	13,969
Printing	-	197	459	347	1,003	541	18,689	19,230	20,233
Liability insurance	-	6,822	1,081	9,021	16,924	1,881	2,160	4,041	20,965
Taxes, permits, licenses, and service charges	-	83	8	1,344	1,435	155	16,543	16,698	18,133
Supplies	2	2,098	1,785	5,734	9,619	681	696	1,377	10,996
Advertising/marketing	3,571	885	448	275	5,179	-	3,107	3,107	8,286
Agency dues	-	3,987	618	4,687	9,292	1,922	-	1,922	11,214
Interpreters	1,027	6,878	-	3,966	11,871	-	-	-	11,871
Postage/shipping	-	355	302	307	964	366	4,639	5,005	5,969
Local transportation	38	539	4	8,223	8,804	187	99	286	9,090
Meeting expenses	10	17	3	20	50	436	5	441	491
Miscellaneous	64	70	-	-	134	1,010	-	1,010	1,144
Major donor cultivation	-	-	-	-	-	-	2,312	2,312	2,312
Bad debt	-	200	-	-	200	-	-	-	200
	289,903	401,011	39,951	679,437	1,410,302	111,030	138,079	249,109	1,659,411
Total Expenses Before Depreciation	350,474	1,224,623	165,431	1,499,706	3,240,234	197,499	382,878	580,377	3,820,611
Depreciation	-	6,800	1,126	153,462	161,388	735	2,095	2,830	164,218
Total Expenses	\$ 350,474	\$ 1,231,423	\$ 166,557	\$ 1,653,168	\$ 3,401,622	\$ 198,234	\$ 384,973	\$ 583,207	\$ 3,984,829

See accompanying notes to financial statements.

New Beginnings

Statements of Cash Flows

<i>Year Ended December 31,</i>	2021	2020
Cash Flows from (for) Operating Activities		
Change in net assets	\$ 196,724	\$ 341,891
Adjustments to reconcile change in net assets to net cash flows from (for) for operating activities:		
Depreciation	177,229	164,218
Loan forgiveness	(29,502)	(29,502)
Forgiveness of Paycheck Protection Program Loan	(97,800)	-
Accrued interest forgiveness	(9,299)	(39,082)
Accrued interest on forgivable loans	5,355	5,355
Unrealized and realized gain on investments	(209,757)	(203,984)
Changes in operating assets and liabilities		
Contributions and other receivables	(16,648)	146,878
Contracts receivable	209,205	(229,895)
Prepaid expenses	(20,112)	14,299
Accounts payable and accrued expenses	69,944	130,317
Advanced grant funding	(781,682)	792,017
Net Cash Flows from (for) Operating Activities	(506,343)	1,092,512
Cash Flows for Investing Activities		
Property and equipment acquisitions	(252,330)	(113,804)
Proceeds from sales of investments	92,090	1,205,008
Purchases of investments	(171,920)	(1,238,989)
Net Cash Flows for Investing Activities	(332,160)	(147,785)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program Loan	-	97,800
Net Change in Cash	(838,503)	1,042,527
Cash, beginning of year	1,775,975	733,448
Cash, end of year	\$ 937,472	\$ 1,775,975
Cash	\$ 705,728	\$ 1,549,541
Restricted Cash	10,000	10,000
Restricted Cash, net of current portion	221,744	216,434
Total Cash	\$ 937,472	\$ 1,775,975

See accompanying notes to financial statements.

New Beginnings

Notes to Financial Statements

1. Statement of Purpose and Summary of Significant Accounting Policies

Statement of Purpose

The mission of New Beginnings is to empower survivors and mobilize community awareness and action to end domestic violence. New Beginnings provides crisis support, safety planning, advocacy, information, and referrals to domestic violence survivors and their support systems through a 24-hour Help Line.

Survivors seeking in person support are served by mobile advocates who can meet them in the community or at New Beginnings' office to provide support, legal advocacy, and children's services. Financial assistance is provided to survivors facing homelessness and to support them in overcoming a variety of barriers to independence and self-determination. Support groups, short-term mental health counseling, and therapy referrals are also available to New Beginnings' participants as part of its Community Advocacy Program.

Formerly known as the Transitional Housing (TH) program, the Home Safe program provides interim housing for survivors and their children who are fleeing domestic violence for stays of up to six months in fully furnished apartments. As part of this program, survivors receive the same array of services provided to Community Advocacy Program participants, plus housing placement support, financial planning services, and rental assistance. Services are designed to enable survivors to obtain safe, stable housing as quickly as possible, with supportive services continuing as needed once participants have moved to their new homes.

New Beginnings also provides education about domestic violence to the public, specialized training on domestic violence to professionals in the health, legal, faith, educational, and human service professions, and healthy relationships and prevention education to youth. Based in Seattle, Washington, New Beginnings primarily serves community members from the Seattle metro area.

New Beginnings is a Washington not-for-profit corporation.

Financial Statement Presentation

New Beginnings reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions and certain grants that are received are recorded depending on the existence and/or nature of any donor restrictions.

Cash and Restricted Cash

Cash consists of checking and money market accounts. On occasion, New Beginnings has cash balances in excess of federally insured limits.

Restricted cash consists of amounts maintained in a separate bank account as required by loan documents from the City of Seattle. Under this agreement, New Beginnings must segregate project operating funds and establish TH/Home Safe program operating reserves and TH/Home Safe program replacement reserves for structural elements and other capital items. New Beginnings is

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Notes to Financial Statements

permitted to spend \$5,000 out of each of these reserve funds annually for the TH/Home Safe program without prior city approval of expenditures. These amounts are classified as current on the statements of financial position.

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. Actual results could differ from those estimated amounts.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. Contributions that are received are recorded depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions consist of the following:

<i>December 31,</i>		2021		2020
Momentum (Home Safe)	\$	34,399	\$	34,399
Program supplies		195		1,208
Gates Foundation - Family Advocate and Michigan State University research		-		7,232
Direct assistance		-		88
	\$	34,594	\$	42,927

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Investments

New Beginnings records its investments at fair value in the statements of financial position. The fair value measurement of the investments was determined using Level 1 observable market inputs

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Notes to Financial Statements

within the fair value hierarchy consisting of quoted prices in active markets, such as national exchanges, for identical assets.

Realized gains and losses, which are determined using the specific identification method, and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment are recorded at cost when purchased and at estimated fair value when donated. Expenditures in excess of \$1,500 that significantly increase the estimated useful lives of assets are capitalized. All improvements and replacements of TH/Home Safe building components, flooring, and major appliances are capitalized, regardless of cost. Maintenance and repairs are expensed as incurred. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

Support and Revenue

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period the contribution commitment is received. Government grant revenue is treated as conditional contributions, and revenue is recognized when amounts are allowed to be billed for reimbursement according to the terms of the grant.

Conditional revenues that have not been recognized as of December 31, 2021, total \$2,942,150 and will be recognized as New Beginnings overcomes the barriers (incurring eligible expenditures or meeting programmatic goals).

Special Event Revenue

Throughout the year, New Beginnings hosts fundraising events. Funds collected in advance of events that are dependent upon the event taking place are deferred until the event occurs. Such revenues are recognized when the event takes place.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. The direct allocation method has been used whenever possible. Certain costs have been indirectly allocated among the programs and supporting services benefited. Salaries and wages, benefits, and payroll taxes have been directly allocated according to timesheets; exceptions to this method were related to the Executive Director, Administrative Director, Accounting Director, and Technology Specialist, which were allocated based on estimated time and effort to various programs and activities. Certain office expenses, including information technology and professional liability insurance, were allocated according to the agency personnel full-time equivalent spread. Occupancy expenses, property insurance, and depreciation were allocated according to each physical site's personnel full-time equivalent spread.

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Notes to Financial Statements

Income Taxes

New Beginnings is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation.

Subsequent Events

New Beginnings has evaluated subsequent events through the date these financial statements were available to be issued, which was June 10, 2022.

2. Liquidity and Availability of Resources

New Beginnings regularly monitors liquidity required to meet its operating needs and other contractual commitments. Financial assets in excess of daily cash requirements are invested in a money market account and other short-term investments.

The following table reflects New Beginnings' financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include a board-designated operating reserve fund, requiring New Beginnings to maintain a liquid asset reserve of approximately four to six months of its annual operating expenses, and other board-designated reserve funds. The Executive Director is permitted to draw up to \$50,000 from the board-designated operating reserve for short-term (30 days or less) cash flow needs. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions for purposes that are not directly associated with day to day operations and/or programs operated by New Beginnings.

	2021	2020
Financial Assets at Year-End		
Cash	\$ 937,472	\$ 1,775,975
Investments	2,263,841	1,974,254
Receivables	415,482	608,039
Total Financial Assets	3,616,795	4,358,268
Advanced grant funds for DV Hopeline	-	(792,000)
Cash restricted by building loan agreement	(231,744)	(226,434)
Donor-restricted for time or purpose	(34,594)	(42,927)
Board-designated operating reserve fund	(1,908,395)	(1,908,395)
Other board-designated reserve funds (see Note 8)	(53,491)	(48,041)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,388,571	\$ 1,340,471

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Notes to Financial Statements

New Beginnings plans to cover program and general operating expenses for 2021 through monthly cost reimbursements from government agencies, collections of cash receipts for pledged contributions, and ongoing fundraising efforts.

3. Investments

Investments consist of the following:

<i>December 31,</i>	2021	2020
Large growth funds	\$ 400,903	\$ 358,476
World large stock	375,342	339,746
Large blend	340,085	269,098
High yield municipal bond funds	260,182	227,915
Foreign large growth funds	182,018	145,202
Municipal national intermediate	139,671	136,973
Small value equity funds	118,665	91,998
Large blend equity funds	115,783	90,167
Municipal national short bond funds	89,818	89,373
Government intermediate-term bond funds	74,100	74,902
Government short-term bond funds	52,595	52,032
Small blend equity funds	37,642	28,196
Foreign large blend funds	36,293	32,199
Diversified emerging markets	24,812	23,049
Foreign small/mid value funds	15,432	13,316
Corporate stocks	500	1,612
Total Investments	\$ 2,263,841	\$ 1,974,254

4. Receivables

Contracts receivable consist of amounts due within one year from governmental agencies. Contracts receivable from two and five governmental agencies represent 87% of contracts receivable at December 31, 2021 and 2020, respectively. No allowance was determined necessary for contracts receivable as of December 31, 2021 or 2020.

Contributions receivable include unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured as the present value of the future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate, which is applicable to the year in which the promise was received. New Beginnings maintains an allowance for potential losses based on management's periodic review of New Beginnings' experience related to pledges and other collections. There was no allowance determined necessary at December 31, 2021 and 2020. Receivables written off are charged against the allowance.

New Beginnings

Notes to Financial Statements

5. Property and Equipment

Property and equipment consist of the following:

<i>December 31, 2021</i>	Transitional Housing	Greenwood	Total
Land	\$ 247,983	\$ -	\$ 247,983
Buildings and improvements	3,508,911	31,717	3,540,628
Furniture and equipment	74,592	487,354	561,946
Vehicles	36,100	29,324	65,424
	3,867,586	548,395	4,415,981
Less: Accumulated depreciation	(2,120,478)	(316,297)	(2,436,775)
	1,747,108	232,098	1,979,206
DV Hopeline - Work in Progress	-	91,796	91,796
Net Property and Equipment	\$ 1,747,108	\$ 323,894	\$ 2,071,002

<i>December 31, 2020</i>	Transitional Housing	Greenwood	Total
Land	\$ 247,983	\$ -	\$ 247,983
Buildings and improvements	3,463,460	31,717	3,495,177
Furniture and equipment	147,082	303,909	450,991
Vehicles	36,100	29,324	65,424
	3,894,625	364,950	4,259,575
Less: Accumulated depreciation	(2,010,037)	(344,169)	(2,354,206)
	1,884,588	20,781	1,905,369
DV Hopeline - Work in Progress	-	90,532	90,532
Net Property and Equipment	\$ 1,884,588	\$ 111,313	\$ 1,995,901

New Beginnings

Notes to Financial Statements

6. Long-Term Debt

All notes payable are forgivable as long as certain conditions are met.

Notes payable consist of the following:

<i>December 31,</i>	2021	2020
Note payable to the City of Seattle, 1% interest, due in March 2037, with an option to extend an additional 35 years. Interest is accrued the first 20 years and forgiven during the last 20 years. If the extension is taken, the entire principal will be forgiven at maturity if the TH/Home Safe program continues.	\$ 342,259	\$ 349,063
Note payable to the City of Seattle, 1% interest, due in September 2059, with an option to extend an additional 25 years. Interest is accrued until 2059. If the extension is taken, the entire principal and interest will be forgiven at maturity if the TH/Home Safe program continues.	535,537	535,537
Note payable to the State of Washington Department of Community, Trade, and Economic Development, without interest, due in June 2050. Entire principal balance is forgiven at maturity if the TH/Home Safe program continues.	658,267	680,965
Paycheck Protection Program (PPP) Loan, 1% interest. Entire principal and interest forgiven by the Small Business Administration on June 9, 2021.	-	97,800
	1,536,063	1,663,365
Less: Current portion	(29,502)	(29,502)
	\$ 1,506,561	\$ 1,633,863

All notes, with the exception of the PPP Loan, are secured by the related Transitional Housing land and building, with a net carrying value of \$1,745,206 and \$1,839,930 as of December 31, 2021 and 2020, respectively.

Interest expense for years ended December 31, 2021 and 2020, was \$5,596 and \$5,355, respectively. There was no interest paid in cash during 2021 or 2020.

The loans were received for New Beginnings' TH/Home Safe project, which was completed in 1997, with additional amounts received in 2009 and 2010 for a remodel. New Beginnings will not have to pay back these loans provided that New Beginnings complies with the terms of use of the project, which requires programs to continue through the life of the loans. For the loans with the City of Seattle, New Beginnings is currently recording revenue from loan forgiveness on a straight-line basis based on its continuing compliance with the loan terms each year until the loans are completely

New Beginnings

Notes to Financial Statements

forgiven. Loan forgiveness was recorded into grant revenue in the amount of \$29,502 for the years 2021 and 2020, respectively. The amount is recorded as grant revenue. The cumulative amount that has been recorded under these loan agreements since 1997 through December 31, 2021, is \$932,571.

7. Leases

New Beginnings has three operating leases: one for its business office, one for its conference/meeting location, and one for its community advocacy office. The business office and conference/meeting room leases expire on December 31, 2023, and January 31, 2024, respectively, and both require New Beginnings to pay its share of property taxes and other operating expenses. The community advocacy office lease expires on December 31, 2023.

Future minimum payments required for all leases are as follows for the years ending December 31:

2022	\$	161,630
2023		164,399
2024		3,489
	\$	329,518

Total rent expense, including allocated property taxes and other operating expenses, for the years ended December 31, 2021 and 2020, was \$223,487 and \$220,521, respectively.

8. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

<i>December 31,</i>	2021	2020
Board-Designated		
Operational reserve	\$ 1,908,395	\$ 1,908,395
Transitional replacement reserve	169,965	159,225
Transitional operational reserve	67,227	67,207
Shelter replacement reserve	45,403	45,403
Technology replacement reserve	2,640	2,640
Total Board-Designated	2,193,630	2,182,870
Undesignated	1,415,485	1,221,188
	\$ 3,609,115	\$ 3,404,058

New Beginnings

Notes to Financial Statements

9. Revenue Concentrations

New Beginnings received approximately 58% and 57% of total support and revenue from three sources for the years ended December 31, 2021 and 2020, respectively.

Contracts from three (City of Seattle HSD, State of Washington DSHS, and King County) governmental agencies represented 85% and 96% of revenue derived from contracts with government agencies in 2021 and 2020, respectively. The City of Seattle (the City) HSD funds TH/Home Safe bridge housing and community advocacy services through the City's general funds. In addition, the City, on behalf of the regional Continuum of Care, was contracted for Rapid Re-Housing from May 1, 2017, through April 30, 2020. In both cases, the City acted as a pass-through for Federal HUD Supportive Housing Program funds.

**Supplemental Report in
Accordance with *Government Auditing Standards***



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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
New Beginnings
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Beginnings, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Beginnings’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Beginnings’ internal control. Accordingly, we do not express an opinion on the effectiveness of New Beginnings’ internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Beginnings' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New Beginnings' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Beginnings' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

June 10, 2022