

GABRIEL HOMES, INC.

AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

GABRIEL HOMES, INC.

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Dunham, Aukamp & Rhodes, PLC

Certified Public Accountants

4443 Brookfield Corporate Drive, Suite 110
Chantilly, VA 20151

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gabriel Homes, Inc.

Opinion

We have audited the accompanying financial statements of Gabriel Homes, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gabriel Homes, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gabriel Homes, 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 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 Gabriel Homes, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gabriel Homes, 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 Gabriel Homes, 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.



Certified Public Accountants
Chantilly, Virginia

May 13, 2024

GABRIEL HOMES, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current Assets	
Cash and cash equivalents	\$ 598,124
Accounts receivable	94,228
Prepaid expenses	14,178
Total Current Assets	<u>706,530</u>
Property and Equipment	
Property and equipment	1,916,599
Accumulated depreciation	(1,160,029)
Total Property and Equipment	<u>756,570</u>
Total Assets	<u><u>\$1,463,100</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 883
Accrued leave	24,184
Accrued payroll and expenses	32,670
Total Current Liabilities	<u>57,737</u>
Total Liabilities	<u>57,737</u>
Net Assets	
Without donor restrictions	<u>1,405,363</u>
Total Net Assets	<u>1,405,363</u>
Total Liabilities and Net Assets	<u><u>\$1,463,100</u></u>

GABRIEL HOMES, INC.

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2023

Revenues and Support Without Donor Restrictions	
Fairfax CSB support	\$ 507,518
Virginia medical assistance program	471,816
Client fees	274,566
Contributions and grants	147,353
Special events, net of direct costs of \$21,602	47,848
Interest	7,803
Other	703
Total Revenues and Support Without Donor Restrictions	<u>1,457,607</u>
Expenses	
Program service	1,128,196
Management and general	165,552
Fundraising	9,624
Total Expenses	<u>1,303,372</u>
Change in Net Assets	154,235
Net Assets - Beginning of Year	<u>1,251,128</u>
Net Assets - End of Year	<u><u>\$1,405,363</u></u>

See accompanying notes to financial statements.

GABRIEL HOMES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Supporting Services			Supporting Services Subtotal	Total
	Program Service	Management and General	Fundraising		
Wages	\$ 751,949	\$ 55,812	\$ 4,612	\$ 60,424	\$ 812,373
Employee benefits	83,524	6,199	512	6,711	90,235
Payroll taxes	65,214	4,840	400	5,240	70,454
Total Wages and Related Expenses	900,687	66,851	5,524	72,375	973,062
Occupancy	99,153	37,749	-	37,749	136,902
Supplies	50,752	12,232	-	12,232	62,984
Depreciation	47,906	-	-	-	47,906
Professional fees	-	29,038	-	29,038	29,038
Travel	13,055	12,894	-	12,894	25,949
Communication	15,871	4,978	1,097	6,075	21,946
Postage and Printing	-	632	1,858	2,490	2,490
Other expenses	772	-	1,145	1,145	1,917
Dues	-	1,178	-	1,178	1,178
Total	<u>\$ 1,128,196</u>	<u>\$ 165,552</u>	<u>\$ 9,624</u>	<u>\$ 175,176</u>	<u>\$ 1,303,372</u>

See accompanying notes to financial statements.

GABRIEL HOMES, INC.

STATEMENT OF CASH FLOWS For the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Change in Net Assets	\$ 154,235
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	47,906
Changes in operating assets and liabilities	
Increase in accounts receivable	(21,930)
Decrease in prepaid expenses	6,601
Increase in accounts payable	413
Increase in accrued payroll and expenses	5,384
Increase in accrued leave	2,717
Decrease in deferred revenue	(10,751)
Net Cash Provided by Operating Activities	<u>184,575</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>(94,713)</u>
Net Cash Used in Investing Activities	<u>(94,713)</u>
Net Change in Cash and Cash Equivalents	89,862
Cash and cash equivalents - Beginning of Year	<u>508,262</u>
Cash and cash equivalents - End of Year	<u>\$ 598,124</u>

See accompanying notes to financial statements.

GABRIEL HOMES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies

Gabriel Homes, Inc. (Gabriel Homes) was incorporated on June 25, 1982, as a non-stock, non-profit, non-sectarian organization under the laws of the Commonwealth of Virginia. The objectives and purposes of the Organization are exclusively for educational, literary and charitable purposes. Services are provided to intellectually disabled adults in seven residences in Fairfax County. Gabriel Homes' primary sources of funding are from government contracts, client fees and contributions.

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

- (a) Basis of Accounting - These financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses are recorded as incurred.
- (b) Financial Statement Presentation - Gabriel Homes is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions

Without Donor Restrictions - represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

With Donor Restrictions - represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

- (c) Support and Revenues - Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as without donor restrictions.
- (d) Cash and Cash Equivalents - For purposes of the statement of cash flows, Gabriel Homes considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- (e) Accounts Receivable - Accounts receivable represents amounts due from government agencies and consumers for services rendered by Gabriel Homes. Gabriel Homes provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on credit evaluation and specific circumstances of the parties involved, and all such receivables are deemed collectible as of June 30, 2023. There was no bad debt expense for the year ended June 30, 2023.

GABRIEL HOMES, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

- (f) Property and Equipment - Property and equipment are recorded at cost, less accumulated depreciation for all items with an initial cost exceeding \$1,000. Depreciation expense is computed on the straight-line method over the estimated useful lives of the respective assets of 5 to 39 years. Expenditures for maintenance and repairs are charged against income as incurred; betterments, which increase the value or materially extend the life of the related assets, are capitalized.
- (g) Accrued Leave – Employees earn paid time off based on their length of service. Unused paid time off may not be paid out upon termination of employment, but can be carried over to the next year with a maximum carryover allowed of 120 hours.
- (h) Management Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, including estimates relating to assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.
- (i) Concentration of Credit Risk - Financial instruments that potentially expose the organization to concentration of credit and consist primarily of cash equivalents. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited at any one institution. Gabriel Homes maintains its cash in various bank deposits accounts which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts.
- (j) Uncertain Tax Positions - As of June 30, 2023, Gabriel Homes has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended June 30, 2020 through 2022.
- (k) Income and Real Estate Tax Matters - Gabriel Homes is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code on all income other than unrelated business income and has been determined not to be a private foundation as defined under section 509(a). Gabriel Homes has obtained an exemption from real estate taxes on several properties owned in Fairfax County, Virginia as long as the properties are operated as group homes.
- (l) Advertising Costs - Advertising costs are expensed as incurred and totaled \$-0- for the year ended June 30, 2023.
- (m) Recently Issued Accounting Standards – In 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease is required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. Gabriel; Homes adopted this standard in the current year with no significant effect on the financial statements.

GABRIEL HOMES, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2023:

	<u>Cost</u>	<u>Depreciation Expense</u>	<u>Accumulated Depreciation</u>
Buildings	\$1,499,686	\$40,563	\$1,007,469
Land	250,925	-	-
Vehicles	91,502	5,829	79,843
Furniture and equipment	<u>74,486</u>	<u>1,514</u>	<u>72,717</u>
	<u>\$1,916,599</u>	<u>\$47,906</u>	<u>\$1,160,029</u>

NOTE 3 – Donated Services and Materials

A number of unpaid volunteers have made contributions of their time in conjunction with Gabriel Homes' programs and services. Over 1,500 hours of volunteer time was recorded during the fiscal year. The value of these contributions is not included in these financial statements, since these donated services do not require specialized skills.

NOTE 4 – Concentration

Gabriel Homes receives a substantial portion of funding from Fairfax County under a contract that is renewed annually. For the year ended June 30, 2023 the revenue attributable to this contract was \$507,518, which accounted for approximately 35% of total revenues and support.

NOTE 5 – Tax Shelter Annuity

Gabriel Homes makes available to all full-time employees the opportunity to participate in a self-directed tax-sheltered annuity as provided under Section 403(b) of the Internal Revenue Code. Gabriel Homes may elect to match employee's contributions up to 3% of salaries. Pension expense for the year ended June 30, 2023 was \$-0-.

NOTE 6 – Functional Allocation of Expenses

Gabriel Homes' operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on either a personnel-cost or square-footage basis, whichever is more reasonable for the expenditure.

GABRIEL HOMES, INC.

**NOTES TO FINANCIAL STATEMENTS
(CONCLUDED)**

NOTE 7 – Liquidity and Availability of Financial Assets

Gabriel Homes has \$692,352 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. Gabriel Homes monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. Gabriel Homes has a goal to maintain financial assets on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$435,000. Gabriel Homes has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$598,124
Accounts receivable	<u>94,228</u>
Total	<u>\$692,352</u>

NOTE 8 – Evaluation of Subsequent Events

Gabriel Homes has evaluated subsequent events through May 13, 2024, the date which the financial statements were available to be issued.