

FISHER/NIGHTINGALE HOUSES, INC.
(A Nonprofit Organization)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

FISHER/NIGHTINGALE HOUSES, INC.

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YEARS ENDED DECEMBER 31, 2021 AND 2020

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fisher/Nightingale Houses, Inc.
Wright Patterson Air Force Base, Ohio

Opinion

We have audited the accompanying financial statements of **Fisher/Nightingale Houses, Inc.**, 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 financial statements referred to above present fairly, in all material respects, the financial position of **Fisher/Nightingale Houses, Inc.** 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. 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 **Fisher/Nightingale Houses, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 **Fisher/Nightingale Houses, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

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 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 **Fisher/Nightingale Houses, 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 **Fisher/Nightingale Houses, 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.



Dayton, Ohio
September 15, 2022

FISHER/NIGHTINGALE HOUSES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 190,518	\$ 315,063
Pledges receivable	<u>-</u>	<u>3,150</u>
Total current assets	<u>190,518</u>	<u>318,213</u>
OTHER ASSETS		
Investments	2,576,710	1,790,970
Beneficial interest in funds held by others	<u>1,191,171</u>	<u>1,373,084</u>
	<u>3,767,881</u>	<u>3,164,054</u>
	<u>\$ 3,958,399</u>	<u>\$ 3,482,267</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,351	\$ 3,241
Accrued expenses	<u>-</u>	<u>5,785</u>
Total current liabilities	8,351	9,026
NET ASSETS		
Without donor restrictions	<u>3,950,048</u>	<u>3,473,241</u>
	<u>\$ 3,958,399</u>	<u>\$ 3,482,267</u>

FISHER/NIGHTINGALE HOUSES, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE		
Combined Federal Campaign and United Way allocation	\$ 12,617	\$ 6,143
Contributions	441,238	254,380
All American Evening, net of expenses of \$57,885 and \$4,896	138,816	77,361
Popcorn sales, net of expenses of \$577 in 2020	-	1,157
Interest and dividend income	31,804	21,744
Realized gains on investments	55,194	4,256
Unrealized gains on investments	163,833	157,669
Change in beneficial interest in funds held by others	<u>166,846</u>	<u>132,852</u>
Total Support and Revenue	1,010,348	655,562
FUNCTIONAL EXPENSES		
Program services	501,871	496,631
Management and general	22,121	16,492
Fundraising and development	<u>9,549</u>	<u>13,144</u>
Total Functional Expenses	<u>533,541</u>	<u>526,267</u>
CHANGE IN NET ASSETS	476,807	129,295
NET ASSETS		
Beginning of year	<u>3,473,241</u>	<u>3,343,946</u>
End of year	<u>\$ 3,950,048</u>	<u>\$ 3,473,241</u>

FISHER/NIGHTINGALE HOUSES, INC.**STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 113,840	\$ 6,324	\$ 6,324	\$ 126,488
Payroll taxes	9,264	515	515	10,294
Housing support	349,294	-	-	349,294
Bank fees	-	4,024	-	4,024
Web communications	2,507	-	-	2,507
Office supplies	4,149	2,074	2,074	8,297
Postage and shipping	1,198	160	240	1,598
Insurance	4,192	-	-	4,192
Professional fees	6,985	6,985	-	13,970
Dues and subscriptions	1,567	87	87	1,741
Volunteer support activities	-	1,643	-	1,643
Family support	3,311	-	-	3,311
Payroll service charges	1,556	86	86	1,728
Travel and meals	3,958	220	220	4,398
Miscellaneous	<u>50</u>	<u>3</u>	<u>3</u>	<u>56</u>
	<u>\$ 501,871</u>	<u>\$ 22,121</u>	<u>\$ 9,549</u>	<u>\$ 533,541</u>

See notes to financial statements.

FISHER/NIGHTINGALE HOUSES, INC.**STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 124,713	\$ 6,928	\$ 6,928	\$ 138,569
Payroll taxes	11,967	665	665	13,297
Housing support	328,231	-	-	328,231
Advertising	3,466	-	3,466	6,932
Bank fees	-	363	-	363
Web communications	2,613	-	-	2,613
Office supplies	2,533	1,267	1,267	5,067
Postage and shipping	1,582	211	316	2,109
Independent contractor	4,719	262	262	5,243
Insurance	3,250	-	-	3,250
Professional fees	6,390	6,390	-	12,780
State filing fees	225	-	-	225
Dues and subscriptions	1,865	-	-	1,865
Family support	763	-	-	763
Payroll service charges	1,528	85	85	1,698
Travel and meals	2,786	155	155	3,096
Miscellaneous	-	166	-	166
	<u>\$ 496,631</u>	<u>\$ 16,492</u>	<u>\$ 13,144</u>	<u>\$ 526,267</u>

FISHER/NIGHTINGALE HOUSES, INC.**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 476,807	\$ 129,295
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized gains on sales of investments	(55,194)	(4,256)
Unrealized gains on investments	(163,833)	(157,669)
Change in value of beneficial interest in funds held by others	(166,846)	(132,852)
Change in allowance for doubtful accounts	(556)	(1,668)
	<u>90,378</u>	<u>(167,150)</u>
Changes in operating assets and liabilities:		
Pledges receivable	3,706	11,118
Accounts payable	5,110	(778)
Accrued expenses	(5,785)	5,785
	<u>93,409</u>	<u>(151,025)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>93,409</u>	<u>(151,025)</u>
INVESTING ACTIVITIES		
Purchases of investments	(1,070,289)	(853,028)
Proceeds from sales of investments	503,575	831,284
Net withdrawals from beneficial interest in funds held by others	348,760	224,125
	<u>(217,954)</u>	<u>202,381</u>
Net Cash Provided (Used) by Investing Activities		
	<u>(217,954)</u>	<u>202,381</u>
NET INCREASE (DECREASE) IN CASH	(124,545)	51,356
CASH		
Beginning of year	<u>315,063</u>	<u>263,707</u>
End of year	<u>\$ 190,518</u>	<u>\$ 315,063</u>

See notes to financial statements.

FISHER/NIGHTINGALE HOUSES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Fisher/Nightingale Houses, Inc. (the "Organization") is a not-for-profit organization which exists to provide financial support for the Wright-Patterson Air Force Base (WPAFB) Fisher Houses, and the Dayton Veterans Affairs Medical Center Fisher House, in Dayton, Ohio. The Fisher Houses shelter and support families and outpatients in need of temporary housing during medical treatment at the Medical Centers. The Organization receives support and revenue mainly from the Combined Federal Campaign, United Way, donor contributions, and various fundraising activities to provide any assistance necessary now and in the future.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed in the presentation of the financial statements.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of each class as it pertains to the Organization is as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at December 31, 2021 and 2020.

Financial 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Insurance coverage is \$250,000 per depositor at each financial institution. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

Investments - Investments are reported at fair value in the statements of financial position. Investment income, including interest, dividends, and realized and unrealized gains or losses, are recorded in the statements of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Support and Revenue - Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Donated Materials and Services - Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses - The costs of providing various program services and supporting activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited, on a reasonable basis that is consistently applied. Expenses that are not directly related to a single program or activity but are indispensable to the conduct of the Organization's programs or existence are charged to management and general. Expenses relating to activities undertaken to induce contributions are charged to fundraising. Certain administrative costs including salaries and wages, payroll taxes, and employee benefits are allocated on the basis of estimates of personnel time related to each activity. Costs related to occupancy and maintenance of the building are allocated based upon a space utilization schedule.

Income Taxes - The Organization is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Organization is not considered to be a private foundation.

Uncertainty in Tax Positions - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2021.

Advertising Costs - Advertising costs are expensed when incurred. Advertising expense for the year 2020 totaled \$6,932. There were no advertising costs for the year 2021.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 15, 2022, the date the financial statements were available to be issued.

FISHER/NIGHTINGALE HOUSES, INC.**NOTES TO FINANCIAL STATEMENTS****NOTE 3 - LIQUIDITY AND AVAILABILITY**

The following reflects the Organization's financial assets as of the statements of financial position dates, reduced by amounts not available for general use within one year of the statements of financial position dates because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year.

	<u>2021</u>	<u>2020</u>
Cash	\$ 190,518	\$ 315,063
Pledges receivable	-	3,150
Investments	2,576,710	1,790,970
Beneficial interest in funds held by others	<u>1,191,171</u>	<u>1,373,084</u>
Total financial assets	3,958,399	3,482,267
Less those unavailable for general expenditure within one year due to:		
Beneficial interest in funds held by others	<u>(1,191,171)</u>	<u>(1,373,084)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,767,228</u>	<u>\$ 2,109,183</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 become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements.

The beneficial interest in funds held by others included in the financial assets above has no donor restrictions. The Organization is authorized to spend the funds at its discretion, subject to the Dayton Foundation's spending policies.

NOTE 4 - INVESTMENTS

The Organization's investments as of December 31, 2021 and 2020 were comprised of the following:

	<u>2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Money market accounts	\$ 40,700	\$ 40,700	\$ -
Mutual funds	521,494	556,514	35,020
Equity securities	<u>1,600,204</u>	<u>1,979,496</u>	<u>379,292</u>
	<u>\$ 2,162,398</u>	<u>\$ 2,576,710</u>	<u>\$ 414,312</u>

FISHER/NIGHTINGALE HOUSES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS - CONTINUED

	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Money market accounts	\$ 36,840	\$ 36,840	\$ -
Mutual funds	406,800	449,578	42,778
Equity securities	<u>1,097,256</u>	<u>1,304,552</u>	<u>207,296</u>
	<u>\$ 1,540,896</u>	<u>\$ 1,790,970</u>	<u>\$ 250,074</u>

Investment management fees are netted against interest and dividends earned on investments in the statements of activities. Investment management fees incurred during 2021 and 2020 totaled \$31,291 and \$26,658.

NOTE 5 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization has a beneficial interest in two funds held at the Dayton Foundation, a community foundation that invests and manages donors' charitable funds. The Dayton Foundation manages these funds for the benefit of the Organization. The funds were established with the Dayton Foundation to provide income and support to the Organization. Net income from the funds shall be distributed not less than annually. Additionally, should an extraordinary need arise in an area consistent with the purpose of the fund, the Organization, after the approval of its Board of Trustees, may request from the Dayton Foundation an additional distribution, subject to the approval of the Dayton Foundation's Governing Board. The Organization records the beneficial interest in these funds at fair market value. The fair market value of these funds was \$1,191,171 and \$1,373,084 at December 31, 2021 and 2020.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs used to measure fair value under this accounting standard are described as follows:

Level 1 - Fair values for investments are determined by reference to quoted market prices.

Level 2 - Fair values for investments are calculated using quoted market prices for similar assets in markets that are not active.

Level 3 - Fair values for investments are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. There were no transfers in or out of Level 3 or purchases of Level 3 investments during 2021 or 2020.

FISHER/NIGHTINGALE HOUSES, INC.**NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - FAIR VALUE MEASUREMENTS - CONTINUED

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Fair values of the Organization's assets measured on a recurring basis at December 31, 2021 were as follows:

	2021			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 40,700	\$ -	\$ -	\$ 40,700
Mutual funds	556,514	-	-	556,514
Equity securities	1,979,496	-	-	1,979,496
Beneficial interest in funds held by others	-	-	1,191,171	1,191,171
	<u>\$ 2,576,710</u>	<u>\$ -</u>	<u>\$ 1,191,171</u>	<u>\$ 3,767,881</u>

Fair values of the Organization's assets measured on a recurring basis at December 31, 2020 were as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 36,840	\$ -	\$ -	\$ 36,840
Mutual funds	449,578	-	-	449,578
Equity securities	1,304,552	-	-	1,304,552
Beneficial interest in funds held by others	-	-	1,373,084	1,373,084
	<u>\$ 1,790,970</u>	<u>\$ -</u>	<u>\$ 1,373,084</u>	<u>\$ 3,164,054</u>

Money market accounts, mutual funds and equity securities are valued based on quoted market prices in active markets.

Beneficial interest in funds held by others are reflected at values provided by the Dayton Foundation.

NOTE 7 - SUBSEQUENT EVENT

As a result of the volatility in the United States' financial markets, the market value of the Foundation's investments has declined since December 31, 2021. Management has not determined the decrease as of September 15, 2022, the date the financial statements were available to be issued.