

CHRIS 180, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
and
SUPPLEMENTARY INFORMATION

with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors CHRIS 180, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of CHRIS 180, Inc. and Subsidiaries (a nonprofit organization) (collectively the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CHRIS 180, Inc. and Subsidiaries as of December 31, 2020 and 2019, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of CHRIS 180, Inc. and Subsidiaries as a whole. The accompanying schedules of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Schedule of State Awards Expended and Consolidating Statements of Financial Position and Activities for the year ended December 31, 2020 as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated the date of this report, on our consideration of the Organization's 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 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 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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Smith & Howard".

March 25, 2021

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 6,539,128	\$ 2,604,914
Contracts receivable - federal, state, and local, net	2,847,834	2,007,056
Unconditional promises to give, current portion	740,771	1,315,199
Prepaid expenses and other assets	<u>309,563</u>	<u>205,178</u>
Total Current Assets	<u>10,437,296</u>	<u>6,132,347</u>
Cash restricted for capital improvements	1,364,793	1,680,931
Unconditional promises to give, net of current portion and present value discount	104,233	564,135
Note receivable - NMTC	8,563,750	8,563,750
Property and equipment, net	19,694,024	20,627,986
Other assets	<u>288,815</u>	<u>227,393</u>
	<u><u>\$ 40,452,911</u></u>	<u><u>\$ 37,796,542</u></u>

(Continued)

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

(Continued)

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
Current Liabilities		
Accounts payable	\$ 367,138	\$ 759,203
Accounts payable - construction	-	19,873
Accrued expenses	1,218,332	842,885
Refundable advances	43,742	242,155
Notes payable, current portion	<u>64,137</u>	<u>2,166,734</u>
Total Current Liabilities	<u>1,693,349</u>	<u>4,030,850</u>
Notes Payable, Net of Current Portion and Unamortized Debt Issuance Costs	<u>18,153,744</u>	<u>16,236,904</u>
Total Liabilities	<u>19,847,093</u>	<u>20,267,754</u>
Net Assets		
Without donor restrictions:		
Available for operations	4,323,138	1,378,226
Board designated	1,632,187	1,422,372
Contractually restricted	1,364,793	569,273
Expended for property and equipment, net of debt	<u>10,031,631</u>	<u>10,768,225</u>
Total net assets without donor restrictions	17,351,749	14,138,096
With donor restrictions	<u>3,254,069</u>	<u>3,390,692</u>
Total net assets	<u>20,605,818</u>	<u>17,528,788</u>
	<u>\$ 40,452,911</u>	<u>\$ 37,796,542</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions		
Revenues, gains and support		
Government grants and contracts	\$ 17,228,722	\$ 14,548,614
Paycheck Protection Program Grant	2,600,149	-
Fee for service revenues	5,750,599	4,101,889
Contributions	3,384,823	1,717,444
In-kind contributions	349,678	343,645
Interest income	133,938	148,378
Special event revenue, net of \$114,968 and \$378,742 in direct expenses for 2020 and 2019, respectively	377,008	317,325
Rental income	101,657	86,084
Other income	<u>430,375</u>	<u>164,444</u>
Total revenues, gains and support	30,356,949	21,427,823
Net assets released from restrictions	<u>1,944,594</u>	<u>2,123,160</u>
Total revenues, gains and support without donor restrictions	<u>32,301,543</u>	<u>23,550,983</u>
Expenses:		
Program services		
Counseling Services	10,378,688	7,877,703
Community Services & Keeping Families Together	5,055,745	3,747,022
JourneyZ	4,299,681	4,441,307
TransitionZ	675,695	694,467
Clubhouse/Drop In Center	502,399	513,605
AdoptionZ	542,731	604,134
Youth Build	278,665	201,750
Training Institute	1,065,316	359,478
Housing and Property	1,805,144	1,492,400
Zones 1 & 3	<u>880,824</u>	<u>-</u>
Total program services	25,484,888	19,931,866
Supporting services		
Management and general	2,796,377	2,195,249
Fundraising	<u>809,514</u>	<u>782,062</u>
Total expenses	<u>29,090,779</u>	<u>22,909,177</u>
Increase in net assets without donor restrictions	<u>3,210,764</u>	<u>641,806</u>
Changes in net assets with donor restrictions:		
Contributions	1,807,970	1,994,029
Interest income	2,890	9,945
Net assets released from restrictions	<u>(1,944,594)</u>	<u>(2,123,160)</u>
Decrease in net assets with donor restrictions	<u>(133,734)</u>	<u>(119,186)</u>
Increase in net assets	3,077,030	522,620
Net assets, beginning of year	<u>17,528,788</u>	<u>17,006,168</u>
Net assets, end of year	<u>\$ 20,605,818</u>	<u>\$ 17,528,788</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Counseling Services	Community Services & Keeping Families Together	JourneyZ	TransitionZ	Clubhouse / Drop In Center	AdoptionZ	Youth Build	Training Institute	Housing and Property	Zones 1 & 3	Total Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 6,657,117	\$ 2,212,875	\$ 2,943,528	\$ 457,052	\$ 269,361	\$ 232,929	\$ 144,989	\$ 733,201	\$ -	\$ 530,664	\$ 14,181,716	\$ 1,659,221	\$ 502,457	\$ 16,343,394
Benefits and payroll taxes	1,316,620	689,740	403,576	141,641	79,957	44,960	103,742	174,004	-	97,904	3,052,144	450,657	85,719	3,588,520
Total payroll expense	7,973,737	2,902,615	3,347,104	598,693	349,318	277,889	248,731	907,205	-	628,568	17,233,860	2,109,878	588,176	19,931,914
Rent and building maintenance	137,295	48,553	123,262	1,440	20,842	7,466	-	9,054	39,067	14,463	401,442	22,130	3,016	426,588
Depreciation and amortization	-	-	-	-	-	-	-	-	1,104,259	-	1,104,259	-	-	1,104,259
Direct care	64,423	1,792,368	337,743	44,178	67,257	181,226	11,357	3,354	-	82,949	2,584,855	7,694	38,679	2,631,228
Legal and accounting	-	98	-	-	-	-	-	-	38,528	-	38,626	81,750	-	120,376
Property taxes	-	4,731	-	-	-	-	-	-	-	-	4,731	-	-	4,731
Equipment leases and repairs	70,215	26,832	13,889	787	3,036	3,636	2,591	1,743	10,144	3,441	136,314	47,781	11,668	195,763
Travel and Transportation	30,146	44,521	115,605	1,416	3,355	8,995	1,629	827	-	6,921	213,415	10,789	91	224,295
Supplies	53,845	15,400	2,402	752	5,840	296	4,604	1,391	3,211	1,648	89,389	7,984	1,422	98,795
Postage and printing	4,473	553	-	-	-	555	-	2,506	3,758	1,051	12,896	6,377	31,975	51,248
Telephone	94,426	46,648	54,530	8,363	6,519	12,925	302	1,454	-	11,656	236,823	14,147	1,144	252,114
Utilities	41,262	27,437	53,225	-	5,129	14,290	-	12,950	122,564	4,958	281,815	27,323	4,872	314,010
Promotions	28,293	5,486	1,099	280	650	220	2,020	3,524	-	10,242	51,814	41,664	29,502	122,980
Insurance	28,615	5,295	51,026	6,304	11,239	11,826	5,205	3,228	60,189	496	183,423	50,235	1,996	235,654
Interest	-	-	-	-	-	-	-	-	195,905	-	195,905	795	-	196,700
Training	119,335	9,675	1,185	680	948	951	175	37,850	-	25,550	196,349	85,364	4,619	286,332
Consulting and contract services	841,579	105,152	180,364	10,657	20,476	15,678	25	48,093	-	82,129	1,304,153	156,006	51,990	1,512,149
Dues and subscriptions	14,957	1,810	175	70	3,172	825	-	15,318	-	41	36,368	46,945	4,793	88,106
Professional medical fees	577,543	1,468	-	-	-	-	-	-	-	5,916	584,927	-	-	584,927
Management fees	-	-	-	-	-	-	-	-	145,137	-	145,137	-	-	145,137
Security	30,666	13,723	13,204	-	3,511	5,382	-	7,038	39,562	-	113,086	22,747	16,961	152,794
Bad debt expense	221,377	-	-	-	-	-	-	-	33,138	-	254,515	-	-	254,515
Other	46,501	3,380	4,868	2,075	1,107	571	2,026	9,781	9,682	795	80,786	56,768	18,610	156,164
Total expenses	\$ 10,378,688	\$ 5,055,745	\$ 4,299,681	\$ 675,695	\$ 502,399	\$ 542,731	\$ 278,665	\$ 1,065,316	\$ 1,805,144	\$ 880,824	\$ 25,484,888	\$ 2,796,377	\$ 809,514	\$ 29,090,779
	35%	17%	15%	2%	2%	2%	1%	4%	6%	3%	87%	10%	3%	100%

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Counseling Services	Community Services & Keeping Families Together	JourneyZ	TransitionZ	Clubhouse / Drop In Center	AdoptionZ	Youth Build	Training Institute	Housing and Property	Total Program	Management and General	Fundraising	Total Expenses
Salaries and wages	\$ 4,742,772	\$ 2,057,956	\$ 2,968,357	\$ 459,356	\$ 255,108	\$ 213,026	\$ 79,012	\$ 172,603	\$ -	\$ 10,948,190	\$ 1,398,667	\$ 475,204	\$ 12,822,061
Benefits and payroll taxes	1,574,405	406,424	553,158	118,552	90,400	51,486	96,237	51,015	-	2,941,677	-	95,205	3,036,882
Total payroll expense	6,317,177	2,464,380	3,521,515	577,908	345,508	264,512	175,249	223,618	-	13,889,867	1,398,667	570,409	15,858,943
Rent and building maintenance	29,097	6,834	55,443	-	5,485	10,131	161	5,889	90,028	203,068	41,707	2,207	246,982
Depreciation and amortization	-	-	-	-	-	-	-	-	833,938	833,938	-	-	833,938
Direct care	81,156	951,455	369,837	52,762	68,996	250,387	16,346	1,680	6,740	1,799,359	66,529	1,152	1,867,040
Legal and accounting	-	-	-	-	-	-	-	-	27,191	27,191	94,414	-	121,605
Property taxes	-	-	2,907	-	-	320	-	-	-	3,227	16,492	-	19,719
Equipment leases and repairs	78,328	14,718	23,746	2,493	19,882	6,023	-	2,311	14,364	161,865	39,741	2,560	204,166
Travel and Transportation	60,936	81,787	195,777	3,191	11,107	18,318	2,946	3,129	907	378,098	12,194	3,315	393,607
Supplies	48,926	12,066	3,834	953	3,063	739	1,773	1,108	280	72,742	8,895	2,769	84,406
Postage and printing	8,216	1,852	75	-	-	268	64	1,035	-	11,510	11,820	63,225	86,555
Telephone	86,154	42,138	44,027	6,713	4,930	8,842	301	3,991	1,256	198,352	32,047	5,326	235,725
Utilities	35,912	7,374	57,970	-	10,211	16,254	-	9,585	119,513	256,819	30,991	4,303	292,113
Promotions	23,356	6,624	305	-	2,582	363	393	300	-	33,923	38,935	17,463	90,321
Insurance	18,675	2,260	36,351	5,392	8,201	8,148	3,498	1,559	51,252	135,336	12,265	1,374	148,975
Interest	-	-	-	-	-	-	-	-	154,700	154,700	16,451	-	171,151
Training	64,606	22,860	7,395	2,687	6,143	8,800	-	52,630	-	165,121	13,970	4,932	184,023
Consulting and contract services	511,345	112,549	91,073	10,581	17,680	9,380	546	43,299	-	796,453	205,055	61,716	1,063,224
Dues and subscriptions	8,456	432	51	150	765	1,025	-	131	-	11,010	41,351	2,358	54,719
Professional medical fees	480,684	10,932	-	-	-	-	-	-	-	491,616	-	-	491,616
Management fees	-	-	-	-	-	-	-	-	138,124	138,124	-	-	138,124
Security	18,655	6,991	11,690	30,778	8,348	624	-	7,910	54,107	139,103	18,176	3,420	160,699
Bad debt expense	-	-	-	-	-	-	-	-	-	-	45,477	-	45,477
Other	6,024	1,770	19,311	859	704	-	473	1,303	-	30,444	50,072	35,533	116,049
Total expenses	\$ 7,877,703	\$ 3,747,022	\$ 4,441,307	\$ 694,467	\$ 513,605	\$ 604,134	\$ 201,750	\$ 359,478	\$ 1,492,400	\$ 19,931,866	\$ 2,195,249	\$ 782,062	\$ 22,909,177
	34%	16%	19%	3%	2%	3%	1%	2%	7%	87%	10%	3%	100%

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 3,077,030	\$ 522,620
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Provisions for uncollectible receivables	241,307	95,103
Change in present value discount on unconditional promises to give	23,065	23,693
Depreciation and amortization	1,104,259	833,938
Amortization of debt issuance costs	8,900	7,336
Gain on disposal of fixed assets	(194,186)	-
Changes in assets and liabilities:		
(Increase) decrease:		
Contracts receivable - federal, state, and local	(1,062,155)	(17,521)
Unconditional promises to give	735,630	(983,399)
Prepaid expenses and other assets	(104,385)	(100,363)
Other assets	(61,422)	(52,392)
Increase (decrease):		
Accounts payable	(411,938)	427,685
Accrued expenses	375,447	35,320
Refundable advances	(198,413)	69,218
Total Adjustments	<u>456,109</u>	<u>338,618</u>
Net Cash Provided by Operating Activities	<u>3,533,139</u>	<u>861,238</u>
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	209,866	-
Purchase of property and equipment	(185,977)	(5,406,893)
Net Cash Provided (Required) by Investing Activities	<u>23,889</u>	<u>(5,406,893)</u>
Cash Flows from Financing Activities:		
Cash collected for long-term purposes	255,705	366,841
Principal payments on debt	(194,657)	(76,667)
Net payments on line of credit	-	(85,146)
Net Cash Provided (Required) by Financing Activities	<u>61,048</u>	<u>205,028</u>
Increase (Decrease) in Cash and Cash Equivalents	3,618,076	(4,340,627)
Cash and Cash Equivalents, Beginning of Year	<u>4,285,845</u>	<u>8,626,472</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,903,921</u>	<u>\$ 4,285,845</u>
<u>Supplemental Cash Flow Information:</u>		
Cash Paid for Interest	<u>\$ 187,800</u>	<u>\$ 208,149</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ 36,998</u>

Non-Cash Operating and Investing Activities:

At December 31, 2019, accounts payable - construction included construction in progress of approximately \$20,000.

The accompanying notes are an integral part of these consolidated financial statements.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION

CHRIS 180, Inc. is a nationally accredited nonprofit 501(c)(3) organization whose mission is to heal children, strengthen families and build community. CHRIS 180 helps children, adults and families who have experienced trauma change the direction of their lives to become more productive, self-sufficient members of the community. This is accomplished through behavioral health counseling, training, safe housing and real-world skill building. CHRIS is an acronym for our values: Creativity, Honor, Respect, Integrity, Safety. CHRIS 180's goal is to empower people to heal, build resiliency and develop the skills they need to navigate life's challenges so that they can live fuller, richer lives as contributing members of the community. During 2020, life changing services were provided by CHRIS 180 to 13,016 people through its various programs and services, 11,004 individuals through food distribution and well-checks, and specialized training was provided to an additional 3,825 community professionals, paraprofessionals, and school personnel.

CHRIS 180 is a values driven multi-service behavioral health organization which exists to improve the lives of children, adults and families through innovative, trauma informed practices that inspire hope and help people throughout our community build resiliency and thrive. CHRIS 180 accomplishes this purpose through a continuum of trauma informed services, partnerships and trainings that acknowledge and address the impacts of historical and generational trauma, structural and systemic racism, inequity, implicit bias, and discrimination in any form. All services are grounded in acceptance of people for who they are, where they are, and the belief that the voice of the client should guide service delivery. Services are designed to promote healing and recovery, foster individual accountability, build resiliency, and unlock the potential that exists in every person.

At December 31, 2020 and 2019, the consolidated financial statements of CHRIS 180, Inc. (the Organization) include the accounts of CHRIS Operations, LLC, CHRIS Homes Properties, LLC, CHRIS Properties Graham Circle, LLC, CHRIS Properties, LLC, and CHRIS 180 Support Organization, Inc. On January 1, 2012, the legal structure of the combining entities designated CHRIS 180, Inc. as the umbrella company managing its operations and delivering its services through each LLC listed above. CHRIS 180, Inc. is the sole member entity of each LLC that it manages on behalf of its mission. Prior to 2012, the combined entities were separate stand-alone corporations or LLC's as in the case of CHRIS Properties, LLC. All significant inter-company accounts and transactions have been eliminated.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

CHRIS Homes Properties, LLC owns residential properties, eight of which are EarthCraft Certified, and vehicles leased to CHRIS 180 Operations, LLC. CHRIS Properties, LLC owns the real estate that provides a LEED Platinum Certified office building to CHRIS Operations, LLC for the CHRIS Counseling Center as well as other program services. CHRIS Properties Graham Circle, LLC holds title to a fully furnished, EarthCraft Certified, multi-family apartment complex for CHRIS Operations, LLC to utilize for the client population of single and parenting youth who are homeless or aging out of foster care. The CHRIS 180 Support Organization, a related 501 (c)(3), holds title to all property partially funded through the New Market Tax Credit (NMTC) program.

In March 2016, the Board of Directors voted to proceed with a capital campaign and in 2017 the charitable goal was increased due to increased construction costs. A decision was made to pursue an allocation through the NMTC program for the eligible portion of CHRIS 180's expansion. Construction began in March 2018 and the NMTC transaction agreement was finalized in April 2018. Capital campaign funds in the amount of \$8,563,750 were transferred into the CHRIS 180 Investment Fund at SunTrust Bank to be disbursed for capital construction and renovations. The new seven-acre site, occupied in 2019, includes the Center of Excellence in Training, Education and Connections, an EarthCraft Platinum certified building, which is home to administrative offices, the CHRIS Training Institute, CHRIS Adoptions and CHRIS Community Programs; and, two foster homes for sibling groups, a foster home for high acuity youth in foster care, and a duplex that serves children in foster care or at risk families. The titles to properties associated with the NMTC transaction were transferred from CHRIS 180 to the CHRIS 180 Support Organization, Inc.. At the end of a seven-year compliance period titles to these properties will be transferred back to CHRIS 180. See Note 17 for further discussion regarding the NMTC program.

Trauma informed care is the centerpiece of CHRIS 180's work. The Adverse Childhood Experiences (ACE) questionnaire is utilized to help assess levels of trauma. Research by the Centers of Disease Control over two decades reveals that without intervention an ACE score of four (4) or more is predictive of poor long-term physical health, mental health and social functioning outcomes as well as a significantly shortened life span. From 41% to 78% of individuals served throughout CHRIS 180 programs have an ACE score of four (4) or more versus 12% of the general population. CHRIS 180 identifies, understands, and treats the impact of chronic stress and adverse childhood experiences so that children, adults and families can recover, avoid long term negative physical and mental health consequences, become resilient and help build strong communities. CHRIS 180 is an active member of the National Child Traumatic Stress Network (NCTSN) and is providing leadership to help NCTSN develop a series on Supporting Trauma-Informed Schools to Keep Students in Classrooms. One of our clinical supervisors serves on the Advisory Council for NCTSN.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

As 2020 began, CHRIS 180 was poised to implement the objectives of CHRIS 180's new three-year Strategic Plan. On January 1, 2020, CHRIS 180 incorporated a Spiritual Health and Wellness Program that was previously hosted by another organization, followed by opening a third counseling center on March 2nd with the hiring of personnel and purchase of furnishings from the same organization. The COVID-19 pandemic shut down occurred in mid-March and CHRIS 180 planned conservatively by re-assigning or laying off staff and worked to preserve jobs and re-organize responsibilities. A financial forecast was developed based on reduction of revenue related to contracts and services as the pandemic created uncertainty in payment of contracts and our ability to provide counseling to clients remotely. We were also uncertain if charitable contributions would meet the goals of the forecast. In early April 2020, CHRIS 180 applied for and later received a Paycheck Protection Program ("PPP") Loan.

Federal and State regulations governing virtual counseling were relaxed and the behavioral health team was quickly up and running with telehealth, enabling CHRIS 180 to provide and bill for virtual counseling services for counseling center clients and school based mental health clients. Over the course of the year, CHRIS 180 was able to avoid the forecasted 35% drop in billing. The CHRIS Training Institute implemented virtual trainings and obtained permission to award continuing education units for virtual training. Chaplaincy interns who were no longer allowed in hospitals due to COVID, were deployed to work in four CHRIS 180 community programs where they provided valuable services and support for both clients and staff, affirming the importance of this service.

Throughout 2020, CHRIS 180 programs operated for the benefit of children, families and the community. State, federal and local contracts paid and most contracts that were delayed began by the end of the year. Employees worked in person and virtually. Children in foster care and homeless youth in our apartments continued to receive quality services. Families continued to receive wraparound services, homeless youth and families with children received services and housing, struggling families received rent and utility assistance, and individuals of all ages and families received counseling.

Services provided by CHRIS 180 are integrated, collaborative and coordinated across service areas, police zones and communities. Numbers served are unduplicated across program areas. Primary service areas include: Behavioral Health, Community, Foster Care & Residential, Housing and Training. The majority of behavioral health services and training were provided virtually due to the pandemic.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

CHRIS 180 adapted to meet new and emerging needs and continues to participate in a number of community collaborative efforts. Highlights include:

- In early April, CHRIS 180 addressed food insecurity of clients who lost their jobs and school children previously provided free meals in Title 1 schools by delivering food and conducting well-being checks in three City of Atlanta Police Zones utilizing donated food, leveraging discounts from the Atlanta Community Food Bank and donations to help purchase food from a number of vendors. Well-checks enabled CHRIS 180 to offer support, counseling, assistance for women and children needing to flee from domestic violence and to respond to other needs. During 2020 this work greatly expanded with many partnerships, including CARE, CORE and others. Over three million meals were delivered to almost 3,000 households, helping 8,311 people. In addition, 515 meals were delivered to homeless encampments.
- Leveraging our relationship with Atlanta Public Schools, CHRIS 180 implemented virtual learning support for youth at the At Promise Center and children at the local Boys and Girls Club.
- Young adult clients were hired part-time to deliver food they packed at distribution locations.
- COVID positive individuals experiencing homelessness, who were sheltered in local hotels rented by the City of Atlanta, received behavioral health services from CHRIS 180 therapists who provided services and were on call at the hotel.
- CHRIS 180 expanded emergency rent, mortgage and utility assistance, and provided access to emergency, transitional and permanent housing services made possible through a combination of federal, state and local contracts, donations and funding from the United Way.
- A weekly Facebook Lunchtime Live series (recognized with a Phoenix Award), free virtual support groups, and a mental health blog provided vehicles to support and inform the community at large.

As 2020 progressed, inequities and social justice issues came to the forefront. CHRIS 180 engaged employees in a series of virtual conversations and two town halls about race, social/racial injustice and challenges of the pandemic as the organization listened and sought to support staff while receiving input on ways of moving forward that better communicate and engage all employees in the efforts of the organization to promote equity and racial justice and healing. Throughout 2020, weekly video messages from the CEO sought to further enhance communication and help staff feel valued and supported.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Behavioral Health Services

CHRIS 180 offers trauma informed behavioral health services for children, adults and families throughout the greater metro Atlanta area to help them through tough times so that they feel and function better. CHRIS 180 focuses on decreasing stigma, eliminating barriers to increase access, and expanding our impact through partnerships, place-based counseling and substance abuse services both in communities and through telehealth. CHRIS 180 completed year three of a five-year renewable contract with Fulton County to provide behavioral health services for uninsured children, adolescents and young adults up to age 25 who are residents of Fulton County. At the end of 2019, CHRIS 180 opened an integrated health clinic in partnership with Mercy Care treating 92 people during 2020. Also in 2019, CHRIS 180 opened the Westside Empowerment Center in Atlanta to provide behavioral health and community health workers for adults and opened a day treatment substance abuse program for teens and young adults which was relocated to the CHRIS Counseling Center in DeKalb after it opened in 2020 to increase accessibility and expand capacity.

CHRIS 180's special focus is on helping people recover from trauma. Therapists utilize 27 different evidenced based treatment modalities to ensure people receive the individually tailored assistance they need to help them develop the skills required to heal, build personal resiliency and sustain recovery. Therapists use their skills to help people confront, recover and heal from past sexual abuse, physical abuse and/or the impact of other adverse childhood/life experiences. CHRIS 180 partners with Emory University Medical School and the Morehouse School of Medicine enabling psychiatric fellows to further their training and as well as several local colleges to provide supervised internship experiences for Masters level clinical interns.

During 2020, CHRIS 180 continued expansion of school-based counseling to include services in 72 public Title 1 schools in Atlanta, Fulton, DeKalb and Clayton Counties and completed year four of Project 180, a school based, trauma informed training and therapy initiative in four City of Atlanta Public Schools located in high poverty communities, funded through the Substance Abuse Mental Health Services Administration (SAMHSA).

Across all locations counseling was provided for 4,752 individuals in 2019 and 8,447 individuals in 2020. Counseling locations include: the CHRIS Counseling Center - Atlanta; the CHRIS Counseling Center - DeKalb; the CHRIS Counseling Center - Gwinnett; the Adamsville Health Center, the Oakhill Service Center and the North Fulton Annex in Fulton County; the Integrated Health Clinic, At Promise Center and the Westside Empowerment Center in Atlanta; 72 schools in the City of Atlanta (APS), Clayton County, DeKalb County and Fulton County Public School Systems; at partner locations; in the community; and, through telehealth.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Community Services

CHRIS 180 offers an expanding array of trauma informed community services designed to help children, adolescents and adults heal, strengthen families and build safe, resilient communities. Utilizing evidence based models that include High Fidelity WrapAround and Multi-Systemic Therapy, families are helped to navigate multiple systems and community resources while receiving prevention, reunification and support services that help them build resiliency and achieve their goals so that families and each individual within the family can build a natural support system in the community and learn the skills to help themselves. CHRIS 180's Jail Re-entry and Youth Build Programs focus on helping young adults heal from past trauma, obtain a GED, become career ready and develop the skills and resiliency needed for self-sufficiency.

Community services include focused programming in three City of Atlanta Police Zones through the Drop In Center, the At Promise Center, the Westside Empowerment Center and the Cure Violence program which was launched in 2020 in the midst of Atlanta's social and racial unrest. These programs work in partnership with community residents and neighborhoods to intervene in the lives of teens and young adults to help them change the direction of their lives to productivity and success. These programs interface with school based mental health services provided in Title 1 schools in these Zones and with CHRIS 180's programs for people experiencing homelessness and food insecurity. In one of these zones, CHRIS 180 successfully piloted a 24/7 Helpline staffed by a community resident with a therapist on call and plans to expand the Helpline in the future. In another of these zones, CHRIS 180 is piloting the Cure Violence model to help build strong, resilient communities through intervention and interruption of community and gun violence with the goal of re-directing and supporting individuals in developing the skills and resiliency needed for self-sufficiency and productivity. Healing Circle and Trauma Response Network training for residents is being expanded in these zones by CHRIS 180. All community services work together and in partnership with other community providers, leveraging each partner's strengths to accomplish goals. During 2020, 2,046 individuals received services. Food distribution and well-checks helped another 8,311 individuals, not counted in the service delivery total.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Community Services (Continued)

Community Partnerships

In order to enhance services to populations with need while avoiding duplication of services, CHRIS 180 seeks to leverage our strengths and the strengths of partners by creating partnerships designed to fulfill our missions in the most cost effective, efficient manner. To this end, during 2020, CHRIS 180 maintained MOUs with almost 50 non-profit and for-profit partners including the Atlanta Police Foundation, Lutheran Services, Atlanta Volunteer Lawyers, the Urban League of Atlanta, the Boys and Girls Club, Endeavor, four different public school systems in metro Atlanta and two federally qualified health centers, Mercy Care and HEALing Community. As a result, barriers to services were reduced and access to essential trauma informed counseling and other services were increased for children, adults and families as well as for clients of other nonprofits. A partnership with the Georgia Partnership for TeleHealth continues to expand services on behalf of our clients. Training partners include the Atlanta Public Schools, DeKalb County Public Schools, Purpose Built Schools, Kendezi Schools, YMCA, Sheltering Arms, United Way, and the Georgia Department of Family and Children Services. Other collaborative partnerships in 2020 included the Ansley School for Homeless Children, Year Up, the Grady Trauma Project, Our House, Open Doors, Good Samaritan Health Center, the Criminal Justice Coordinating Council, Georgia State University, Fulton County Sheriff's Office, and the juvenile courts of Fulton, DeKalb and Gwinnett Counties.

Foster Care and Residential

In 2020 CHRIS 180 operated traditional foster homes, two Gateway homes for siblings in foster care, foster to adopt homes and our legacy group home program. Because CHRIS 180 believes that every child deserves a safe, loving home and that no child should age out of foster care, a trauma informed adoption program has the goal of no failed adoptions.

The JourneyZ Program is the organization's founding program and consists of seven six bed homes in the community designed to help traumatized and exploited children in foster care who have severe emotional and behavior problems heal, build resiliency and develop the skills they need to navigate life's challenges by giving them essential supports and a home in a neighborhood. 62% of youth have an ACE score of four (4) or more and have experienced multiple moves while in foster care. Some have experienced one or more failed adoption(s). The pandemic required home schooling and many adaptations which the children and staff handled extremely well. During 2020, 128 foster children received a home, counseling and support.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Foster Care and Residential (Continued)

CHRIS Adoptions provides a unique set of trauma informed services and supports to ensure that children in foster care truly have a forever family. In 2013, CHRIS 180 developed a Trauma Informed Foster Care Adoption Model (TIFCAM) with the goal of reducing – and eliminating – failed adoptions for children in foster care. Gateway Foster Homes were envisioned and created by CHRIS 180 to support the adoption process by providing specialized homes for sibling groups in foster care who were separated into different foster homes but can be reunited or for whom the separation of siblings can be avoided in the first place. During 2020, 20 children were helped and there were four adoption finalizations. There have been no adoption disruptions (failures) since the program's inception in 2013.

Outreach and Community Housing Services

Service components include street outreach, CHRIS 180's Drop-In-Center, emergency assistance, emergency/transitional housing, permanent supportive housing at Summit Trail Apartments which is owned and operated by CHRIS 180, and housing in the community. Through street outreach and the Drop-In-Center, teens and young adults who are experiencing homelessness are connected with support, counseling, emergency assistance and housing. Counseling and support services are available to every person touched by these service components and 90% use at least one service.

In the TransitionZ program at Summit Trail Apartments the goal of services is to help single and parenting homeless youth and those aging out of foster care, ages 17 – 24 (upon entry), become self-sufficient adults through a combination of housing, counseling, employment services and support services. Support services include case management, life skills, educational support, financial management, job coaching and parenting skills. 74% of youth served have an ACE score of four (4) or more. During 2020, 75 young adults, including young parents with a total of 12 children, received housing and comprehensive services for an average length of stay of 18 months. Data tracked over 10 years shows that four (4) years post discharge, 98% of these young adults are safely housed and that 94% are employed and/or in school.

The Emergency Assistance program prevents homelessness for young adults with mental health issues who are up to age 35 (and their families) and helps those who are already homeless by assisting them in obtaining stable housing and employment while they receive support, counseling, guidance and instruction designed to foster self-sufficiency. 78% of young adults served had an ACE score of four (4) or more.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

Outreach and Community Housing Services (Continued)

Since the end of 2017, CHRIS 180 has steadily increased efforts to prevent homelessness through expansion of “bridge housing” options while working to help young adults and families secure more permanent housing. Partners include the Fulton and DeKalb Continuums of Care, Salvation Army, Partners for Home, Quest Community Development, Open Doors and the Westside Future Fund. During 2020, 384 young adults and families with 296 children were safely housed. As a result of obtaining services, 94% were working and 27% were also in school.

During 2020, support, assistance, resource guides and referrals were provided to 434 homeless youth through face-to-face meetings and telephone follow up support. An additional 1,874 youth seeking housing and assistance who contacted the program via, email, Facebook or telephone were provided support and guidance as well as resource guides and referrals for help available through CHRIS 180 and other providers. Telephone follow up calls, emails and Facebook messages were made to offer additional services and provide on-going support.

As a result of the pandemic, individuals who had housing were under tremendous stress, at risk of losing their housing and becoming homeless when the eviction moratorium was lifted. Fortunately CHRIS 180 has the infrastructure necessary to help and received funding from the United Way as well as other donors so that the Outreach and Community housing program also was able to assist over 350 households with rent, mortgage and utility assistance during most of 2020.

The CHRIS Training Institute

The CHRIS Training Institute provides high quality training with a focus on trauma informed care, child abuse prevention, evidence based clinical treatment approaches and modalities, and diversity and inclusion. Training is provided with the intent of exponentially expanding impact in the areas of clinical professional services, human services, child welfare, juvenile justice, and family welfare, while promoting prevention and increasing awareness of the importance of mental health and addiction treatment as wise investments in the future. During 2019 and 2020, respectively, 2,971 and 3,825 unduplicated external individuals attended trainings.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – NATURE OF ORGANIZATION (Continued)

The CHRIS Training Institute (Continued)

Trauma STARs is CHRIS 180's signature trauma training program utilizing the evidence-based Attachment, Regulation and Competency framework. In 2020, CHRIS 180 adapted to the pandemic and offered most trainings virtually including trauma training provided for 1,395 school personnel and secondary trauma trainings which were provided to employees of non-profits, schools and service providers, such as the YMCA, Goodwill, NAMI, KIPP Schools, the Georgia Department of Family and Children Services, and the Georgia Center for Nonprofits. Youth/Adult Mental Health First Aid and clinical professional courses such as Motivational Interviewing, Ethics, EMDR (a trauma therapy), Play Therapy, Trauma Assessments, and Comprehensive Child and Family Assessment Trainings were provided over the course of 2020 to both internal and external participants. Specialized training was provided to 653 staff participants as well as 3,825 external participants in areas ranging from trauma informed practice, professional clinical services, secondary trauma, self-care, grief and loss, cultural diversity, working with transition age youth, working with LGBTQ+ youth, and sexually exploited youth, the prevention of child sexual abuse, bullying and understanding diversity. Management training was also provided to 45 middle managers at CHRIS 180 and virtual courses in Edutainment are helping all CHRIS 180 departments and programs develop and conduct effective virtual meetings.

The Institute for Spiritual Health and Wellness began operating as a part of the CHRIS Training Institute on January 1st adding a spiritual care component to our training and to our work in the community. Through a contract with Northside Hospital CHRIS 180 recruits, supervises, and trains Chaplaincy Residents who serve their residencies at Northside Hospital in Atlanta and Northside-Gwinnett Hospital. The Institute for Spiritual Health and Wellness prepares individuals for certification as chaplains who provide spiritual care in medical settings and in community settings.

During the pandemic, the hospitals allowed residents, but not interns, to work in the hospitals. Therefore, chaplaincy interns served their internship working in four CHRIS 180 Community programs, adding great value through the spiritual care they offered to clients and to staff. In October accreditation examiners highlighted the excellent job that Northside Hospital and CHRIS 180 did in pivoting to ensure quality training and supervision for both residents and interns during the pandemic. The Institute was re-accredited by the ACPE, the national accrediting body for Spiritual Care. During 2020, 28 residents provided invaluable services for patients in both hospitals and four interns provided invaluable support for clients and staff in four CHRIS 180 programs.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Net Assets

The Organization’s net assets and its support and revenues are classified based on existence or absence of donor-imposed restrictions using the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating and maintenance reserve.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, 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 donor restricted net assets of a perpetual nature at December 31, 2020 or 2019.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, prepaid expenses, other current assets, accounts payable, and accrued expenses are carried at amounts which approximate their fair value due to the short-term nature of these instruments. Debt is carried at amounts which are expected to be paid which approximates fair value.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, contracts receivable and unconditional promises to give. All cash and highly liquid investments with maturities of three months or less are considered cash equivalents. At times, cash and cash equivalent balances may exceed federally insured amounts. Management believes that cash and other investments are maintained at financial institutions with high credit ratings that would, accordingly, carry a low risk of potential loss. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

Property and Equipment

Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as follows:

Buildings and improvements	5 - 30 years
Furniture, fixtures and equipment	3 - 7 years
Vehicles	3 years

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes fee for service revenue from various medical services at the time the service is performed. The performance obligation is met at a point in time, when services are rendered. All amounts are billed at the time of service and recognized based on the expected rate for the particular service provided. No amounts were received in advance in 2020 or 2019 for these services.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and other contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Organization received cost-reimbursable grants of \$43,742 and \$242,155, that have not been recognized at December 31, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred, with an advance payment of the same amount recognized in the consolidated statement of financial position as a refundable advance.

In May 2020, the Organization obtained a Small Business Administration ("SBA") loan under the Paycheck Protection Program ("PPP") totaling \$2,600,149. The PPP loan bears interest at 1.00% and may require repayment under certain circumstances. Under the terms of Coronavirus Aid, Relief, and Economic Securities Act (the "Cares Act"), the Organization may apply with the lending institution for PPP loan proceeds used within a specified time period to be forgiven, provided the proceeds are used to cover certain payroll and other expenses as defined by the Cares Act. The Organization intends for the loan to be forgiven and has treated the loan as a conditional grant, recording revenue as qualifying expenses are incurred. As of December 31, 2020, the Organization has utilized all PPP funding on qualifying expenses and accordingly has recorded as a contribution within the statement of activities and changes in net assets for the full amount. The Organization intends on applying for complete loan forgiveness in 2021 and expects the PPP funds to be forgiven in full.

Allowance for Doubtful Accounts

The Organization uses an allowance method to determine uncollectible unconditional promises to give, fee for service billing, contracts and tenant rents receivable. The allowance is based on prior years' experience and management's analysis of specific promises, amounts billed and reimbursements. At December 31, 2020 and 2019, allowances in the amount of \$30,140 and \$10,210, respectively, were recorded for accounts receivable for unconditional promises to give. At December 31, 2020 and 2019, allowances in the amount of \$445,968 and \$426,926, respectively, were recorded for contracts receivable.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Equipment, Material, Supplies and Services

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

All non-cash gifts (other than personal services) are recorded at their estimated fair value at date of receipt. Contributions of food, clothing, medical items, personal care supplies, event auction items and other special needs items valued at \$33,672 and at \$210,603, respectively, have been reflected in the consolidated statement of activities for the years ending December 31, 2020 and 2019. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Long-Lived Assets and Impairment Analysis

The Organization evaluates its recoverability of its long-lived assets held for use in operations and not in service, including real estate, for indicators of impairment and if impaired, records such assets at the lower of cost or fair value as described in generally accepted accounting principles. GAAP requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. If impairment is indicated, the carrying amount of the asset is written down to fair value. In the opinion of management, no long-lived assets were impaired as of December 31, 2020 and 2019.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

Examples of expenses that are allocated include utilities, equipment maintenance, and depreciation, which are allocated on a square footage basis as well as salaries and wages plus benefits, which are allocated on the basis of time and effort. Other costs, such as office expenses and insurance, are allocated on best estimates of actual usage.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes is required. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. In 2007, the Organization received approval from the IRS that it was considered to be a public charity under Section 509(a)(1) and 170 (b)(1)(a)(vi) of the Internal Revenue Code, since it receives a substantial part of its support from governmental grants and the general public.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the tax years ending before December 31, 2017.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the consolidated financial statements were available to be issued.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Organization has experienced a disruption of normal business operations caused from COVID-19 during 2020 and subsequent to year end. The overall financial impact cannot be determined through the date of this report; however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the consolidated financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 6,453,862	\$ 2,519,683
HUD restricted operating deficit reserve	<u>85,266</u>	<u>85,231</u>
Cash and cash equivalents	6,539,128	2,604,914
Cash with contractual restrictions for for capital improvements	438,590	569,273
Cash with donor restrictions for capital improvements	<u>926,203</u>	<u>1,111,658</u>
Total Cash and Cash Equivalents	<u>\$ 7,903,921</u>	<u>\$ 4,285,845</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by grants and contracts and public donations. Additionally, a significant amount of contributions with donor restrictions are received each year for various programs as well as for long term capital projects. As a donor's restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Organization for its general expenditures. The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Organization’s financial assets (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditures within one year as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 7,903,921	\$ 4,285,845
Contracts receivable - federal, state and local, net	2,847,834	2,007,056
Unconditional promises to give, net	845,004	1,879,334
Notes receivable - NMTC	<u>8,563,750</u>	<u>8,563,750</u>
Total financial assets	20,160,509	16,735,985
Less amounts not available for general expenditures within one year:		
Cash restricted for capital campaign purposes	(926,203)	(1,111,658)
Cash with contractual restrictions	(438,590)	(569,273)
Internally designated cash	(1,632,187)	(1,422,372)
Capital campaign promises to give, net	(329,954)	(628,654)
Notes receivable - NMTC	<u>(8,563,750)</u>	<u>(8,563,750)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 8,269,825</u>	<u>\$ 4,440,278</u>

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Organization’s governing body has designated a portion of its net assets without donor restrictions for an operating and maintenance reserve as described in Note 16. Those amounts are identified as internal designations in the table above. These funds are invested in a money market account to produce income but remain available and may be spent at the discretion of the Board.

As described in Note 10, the Organization also maintains a line of credit in the amount of \$1,300,000 which it could draw upon in the event of an unanticipated liquidity event.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 – CONTRACTS RECEIVABLE – FEDERAL, STATE AND LOCAL, NET

Contracts receivables arise from fees for services provided under and, to a lesser extent, reimbursements owed through government contracts. The Organization’s ability to collect amounts due is affected by the outside agencies’ acceptance of reimbursable expenses and performance-based outcomes, which meet contract requirements.

Contract receivable owed to the Organization are as follows at December 31:

	<u>2020</u>	<u>2019</u>
State contract receivables:		
DHS contracts	\$ 330,862	\$ 430,170
Georgia Department of Juvenile Justice	-	227
Gwinnett County Juvenile Justice	30,550	37,880
Lookout Mountain Community Services	75,504	39,288
Georgia DBHDD Board	254,530	371,683
Various other DFCS county offices	4,315	21,110
Multi-Agency Alliance for Children	85,435	78,913
Georgia Department of Health and Human Services - SAMSA Grant	375,246	203,166
US Department of Housing and Urban Development	222,991	-
US Department of Justice	110,415	36,332
Fulton County	454,533	352,805
Other contracts and receivables	<u>337,045</u>	<u>14,819</u>
Total state contract receivables	<u>2,281,426</u>	<u>1,586,393</u>
Other contract receivables:		
Medicaid	72,730	31,918
Care management organizations and commercial insurance companies	<u>939,646</u>	<u>815,671</u>
Total other contract receivables	<u>1,012,376</u>	<u>847,589</u>
Less: allowance for doubtful accounts	<u>(445,968)</u>	<u>(426,926)</u>
Total contracts receivable	<u>\$ 2,847,834</u>	<u>\$ 2,007,056</u>

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 – NOTE RECEIVABLE

During 2018, the Organization entered into a note receivable with an investment fund to facilitate the NMTC transaction as described in Note 17. The note receivable totaled \$8,563,750 with an interest rate of 1.42% as of December 31, 2020 and 2019. The maturity date is June 1, 2046. Interest income will be received annually through December 5, 2025, at which time annual principal and interest payments will be received thereafter through the maturity date.

NOTE 7 – UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give are recorded at net realizable value upon receipt. Contributions to be received after one year are discounted at 4.75%, commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and utilized in accordance with donor-imposed restrictions on the contribution.

Sources of unconditional promises to give consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
United Way of Metropolitan Atlanta	\$ 36,586	\$ 155,876
Foundations	452,500	1,005,000
Capital campaign pledges	335,634	635,184
Other	20,284	83,274
	<u>\$ 845,004</u>	<u>\$ 1,879,334</u>

Unconditional promises to give consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 740,771	\$ 1,315,199
One to five years	225,679	642,586
Less:		
Allowance for doubtful accounts	(30,140)	(10,210)
Present value discount	(91,306)	(68,241)
	<u>\$ 845,004</u>	<u>\$ 1,879,334</u>

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 – PROPERTY AND EQUIPMENT, NET

Components of property and equipment in service consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,228,646	\$ 1,228,646
Residential rental property and improvements	23,203,530	23,275,865
Furniture and equipment	3,107,927	2,975,760
Vehicles	427,528	442,456
Construction in process	9,754	10,671
	<u>27,977,385</u>	<u>27,933,398</u>
Less: accumulated depreciation	<u>(8,283,361)</u>	<u>(7,305,412)</u>
	<u>\$ 19,694,024</u>	<u>\$ 20,627,986</u>

For the years ended December 31, 2020 and 2019, depreciation expense for all property and equipment was \$1,104,259 and \$833,938, respectively.

NOTE 9 – OPERATING LEASE COMMITMENTS

The Organization leases office space, equipment and a vehicle under arrangements that qualify as non-cancelable operating leases. The annual minimum lease payments for all these leases are as follows at December 31:

2021	\$ 170,611
2022	156,839
2023	147,948
2024	155,516
2025	160,492
Thereafter	<u>164,956</u>
	<u>\$ 956,362</u>

Total rental and lease expense for all leases for the years ended December 31, 2020 and 2019, including several month-to-month leases, was \$281,851 and \$199,058, respectively.

NOTE 10 – LINE OF CREDIT PAYABLE

The Organization has a line of credit with maximum borrowings of up to \$1,300,000. The interest rate on the line of credit is equal to the prime rate, which was 3.25% for the year ended December 31, 2020. The line of credit had no outstanding balance as of December 31, 2020 and 2019.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 – NOTES PAYABLE

A summary of notes payable is as follows at December 31:

	<u>2020</u>	<u>2019</u>
Bank Debt:		
CHRIS Homes Properties, LLC notes payable:		
As refinanced subsequent to December 31, 2020, 3.75% fixed rate term note, due in monthly installments of \$4,241, including principal and interest through March 1, 2036; collateralized by five homes held by CHRIS Homes Properties, LLC (*)	\$ 583,120	\$ 718,189
3.25% fixed rate vehicle loan, due in monthly installments of \$431, including principal and interest through November 23, 2020; collateralized by a van held by CHRIS Homes Properties, LLC	-	4,729
	<u>583,120</u>	<u>722,918</u>
New Markets Tax Credit Debt:		
Note payable with an entity; fixed interest rate of 1.185%; quarterly interest payments due; principal plus accrued interest due December 1, 2052; collateralized by all assets held by CHRIS 180 Support Organization, Inc.	5,335,000	5,335,000
Note payable with an entity; fixed interest rate of 1.185%; quarterly interest payments due; principal plus accrued interest due December 1, 2052; collateralized by all assets held by CHRIS 180 Support Organization, Inc.	<u>7,275,000</u>	<u>7,275,000</u>
	<u>12,610,000</u>	<u>12,610,000</u>
Other debt:		
CHRIS Properties Graham Circle, LLC notes payable:		
Due to Georgia Department of Community Affairs for Home Investment Partnership Program (a)	3,331,682	3,373,433
Due to City of Atlanta for Home Investment Partnership Program (b)	1,400,000	1,400,000
Due to Federal Home Loan Bank of Atlanta for Affordable Housing Program (c)	<u>315,000</u>	<u>315,000</u>
	18,239,802	18,421,351
Less: unamortized debt issuance costs	<u>(21,921)</u>	<u>(17,713)</u>
	<u>\$ 18,217,881</u>	<u>\$ 18,403,638</u>

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 – NOTES PAYABLE (Continued)

(*) This mortgage-related note was originally set to mature in November 2020. In March 2021, the loan was refinanced with the terms stated above.

Aggregate principal maturities of debt subsequent to December 31, 2020 are as follows:

2021	\$ 64,137
2022	70,633
2023	69,845
2024	68,980
2025	1,468,033
Thereafter	<u>16,498,174</u>
	<u>\$ 18,239,802</u>

Other Debt

(a) During 2009, the Organization entered into a loan agreement with the Georgia Department of Community Affairs, Georgia Housing and Finance Authority unit (“DCA”). The principal sum is \$3,800,000, with no interest charged on the outstanding principal balance from the date of each advance. This was converted to a permanent loan at substantial completion of construction in April 2010. The collateral on this loan is the real property, additions, fixtures, personal property and rental assets and the loan will mature on April 1, 2031.

After the conversion, 240 monthly payments of principal are required that will pay down approximately \$760,000 of the loan and the balloon amount of approximately \$3,040,000 will be forgiven as long as the project is in compliance with the home rental term compliance requirements. At December 31, 2020 and 2019, \$3,331,682 and \$3,373,433, respectively, was due to DCA on this loan.

(b) In addition, during 2010, the Organization received a loan (grant) from the City of Atlanta. The principal sum at December 31, 2020 and 2019 is \$1,400,000. The funds are dedicated to the project as a grant with no interest charged on the outstanding principal balance. Therefore, no payment will be made unless the project is not in compliance within a fifteen-year period with the compliance requirements for providing housing to young adults who are homeless or who have aged out of the foster care system but still do not possess the physical, developmental, educational, and emotional capabilities to thrive without the necessary supportive social services. The fifteen-year loan period will expire in 2025. The collateral on this loan is the real property associated with the project. The City of Atlanta’s security deed is subordinate to the DCA’s.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 – NOTES PAYABLE (Continued)

(c) The Organization has a loan with the Federal Home Loan Bank of Atlanta. The principal sum at December 31, 2020 and 2019 is \$315,000 under the Affordable Housing Program. The funds are dedicated to the project as a grant, with no interest charged on the outstanding principal balance. Therefore, no payment will be made as long as the project is in compliance with the requirements of the affordable housing program agreement and application through March 30, 2025.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Organization deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal funds, the federal government. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

NOTE 13 – RETIREMENT PLAN

The Organization has a tax-deferred annuity program for its employees. Under the plan, the Organization matches 50% of a qualifying employee's contribution to the plan up to 6% of employee's salary. The total employer contributions to the plan during 2020 and 2019 were \$125,823 and \$88,771, respectively.

Effective May 1, 2017, eligible employees can participate in a supplemental defined contribution retirement plan. Under the plan, the Organization contributes amounts based on the maximum yearly amount allowed per the plan requirements. The Organization contributed \$60,348 and \$46,000 to this plan for the years ended December 31, 2020 and 2019, respectively.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 14 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of funds the Organization has received subject to donor-imposed restrictions consisting of the following at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
United Way of Metropolitan Atlanta	\$ -	\$ 106,987
JourneyZ and TransitionZ	494,831	550,000
Trauma, Treatment, and Training Initiative	-	9,583
School Based Mental Health	-	220,000
Westside Legacy/At Promise	173,178	150,000
Cure Violence	364,598	100,000
Capital Campaign Cash and Pledges	1,311,462	1,754,122
Capacity building	910,000	450,000
	<u>3,254,069</u>	<u>3,340,692</u>
Subject to the passage of time:		
Foundation Contributions	-	50,000
	<u>-</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 3,254,069</u>	<u>\$ 3,390,692</u>

NOTE 15 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the years ended December 31:

	<u>2020</u>	<u>2019</u>
United Way	\$ 106,987	\$ 190,641
Capital Improvements	442,660	844,127
Counseling Services	90,000	56,667
Community Housing	-	70,825
JourneyZ and TransitionZ	105,169	87,500
Trauma, Treatment, and Training Initiative	9,583	148,050
School Based Mental Health	292,500	130,000
Westside Legacy/At Promise	452,292	570,350
Cure Violence	395,403	-
Other	50,000	25,000
	<u>1,944,594</u>	<u>2,123,160</u>
Total net assets with donor restrictions	<u>\$ 1,944,594</u>	<u>\$ 2,123,160</u>

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 16 – BOARD DESIGNATED NET ASSETS

Board designated net assets consist of funds collected from the capital campaign for the purposes of setting up an operating reserve, maintenance reserve and sustainability reserve. Total board designated net assets consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 511,063	\$ 507,990
Sustainability reserve	610,061	406,392
Maintenance reserve	<u>511,063</u>	<u>507,990</u>
Total board restricted net assets	<u>\$ 1,632,187</u>	<u>\$ 1,422,372</u>

NOTE 17 – NEW MARKET TAX CREDIT TRANSACTION

The New Markets Tax Credits Program (“NMTC Program”) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (“CDE”). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements.

In January 2018, a new 501(c)(3), the CHRIS 180 Support Organization, Inc., was formed to facilitate the NMTC transaction by holding funds and certain properties transferred to it by CHRIS Properties, LLC and CHRIS Homes Properties, LLC during the seven-year term of the NMTC program. This transaction closed on April 11, 2018. Capital campaign funds and NMTC proceeds received under the NMTC Program will be disbursed to create four new homes for foster children, create an assessment/family preservation home, renovate seven existing homes for foster children, construct an assessment/family preservation duplex, construct a 20,000 square foot Earthcraft-certified Center of Excellence for Training, Education, and Connections, renovate existing office space to create an Integrated Health Clinic and expand counseling.

In April 2018, as a part of the NMTC agreement, three homes owned by CHRIS Homes Properties, LCC, vacant land upon which the Center of Excellence for Training, Education and Connections and a duplex was constructed, and other property owned by CHRIS Properties, LLC which was converted into an integrated healthcare clinic were transferred to the CHRIS 180 Supporting Organization, Inc. At the completion of the NMTC agreement in seven years, these properties will be transferred back to the LLCs operated by CHRIS 180, Inc.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 17 – NMTC TRANSACTION (Continued)

On April 11, 2018, to benefit under the NMTC Program, the Organization entered into a series of agreements and transactions with two CDEs and an investment fund affiliated with a commercial bank (the Bank). The CDEs provided funds towards the construction of the new facility and other capital projects. Notes payable to the CDEs totaled \$5,335,000 and \$7,275,000. CHRIS Operations, LLC facilitated the transaction by issuing a note receivable agreement that transferred \$8,563,750 to the investment fund using proceeds from the capital campaign. Cash received from this transaction remaining at December 31, 2020 and 2019, was \$438,590 and \$569,273, respectively, and is shown as contractually restricted net assets on the consolidated statement of financial position.

SUPPLEMENTARY INFORMATION

**REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY THE UNIFORM GUIDANCE**

YEAR ENDED DECEMBER 31, 2020

CHRIS 180, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through Georgia Department of Human Services			
Substance Abuse and Mental Health Services	93.243	5U79SM063162-04	\$ 302,816
Substance Abuse and Mental Health Services	93.243	5U79SM063162-05	118,849
Substance Abuse and Mental Health Services	93.243	5H79TI081230-02	372,487
Substance Abuse and Mental Health Services	93.243	5H79TI081230-03	127,681
Substance Abuse and Mental Health Services	94.243	5H79SM081767-02	394,956
Substance Abuse and Mental Health Services	93.243	5H79SM081767-03	<u>112,252</u>
Total U.S. Department of Health and Human Services			<u>1,429,041</u>
U.S. Department of Justice - Office of Justice Programs			
Crime Victim Assistance	16.575		217,101
Community Based Violence Prevention	16.123		<u>29,648</u>
Total U.S. Department of Justice			<u>246,749</u>
U.S. Department of Housing and Urban Development			
Continuum of Care	14.267		130,201
Continuum of Care	14.267		100,331
Continuum of Care	14.267		43,414
Continuum of Care	14.267		<u>136,352</u>
			<u>410,298</u>
U.S. Department of Labor			
Youth Build	17.274		<u>318,197</u>
Total Federal Expenditures			<u>\$ 2,404,285</u>

The accompanying notes are an integral part of this schedule.

CHRIS 180, INC. AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal government for the year ended December 31, 2020 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule of expenditures of federal awards does not include the federal awards of CHRIS Properties Graham Circle, LLC., as those funds are included in the Uniform Guidance audit within CHRIS Properties Graham Circle, LLC.

NOTE 2 – ACCOUNTING PRINCIPLES

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate under *Title 2 U.S. CFR Part 200*, Subpart E, Cost Principles.

INDEPENDENT AUDITORS' 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 CHRIS 180, Inc. and Subsidiaries

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 consolidated financial statements of CHRIS 180 Inc. and Subsidiaries (a nonprofit organization) (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated the date of this report.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 determination of financial statement amounts. 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 or other matters 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Smith & Howard".

March 25, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors
CHRIS 180, Inc. and Subsidiaries**

Report on compliance for Each Major Federal Program

We have audited CHRIS 180, Inc. and Subsidiaries' (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Programs

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Smith & Howard".

March 25, 2021

**CHRIS 180, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified that are not
considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements
noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified that are not
considered to be material weakness(es)? ___ yes X none reported

Type of auditors’ report issued on compliance
of major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes ___ no

**CHRIS 180, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Audit Findings and Questioned Costs

None noted

CHRIS 180, INC. AND SUBSIDIARIES
SCHEDULE OF STATE AWARDS EXPENDED
YEAR ENDED DECEMBER 31, 2020

State Contract Number	Earned Revenues	Receipts	Due From (To) State Agency
42700-040C-RBWO-21-023 Georgia Department of Human Services	\$ 1,604,536	\$ 1,308,964	\$ 295,572
42700-040C-RBWO-20-023 Georgia Department of Human Services	1,881,666	1,881,666	-
Georgia Department of Human Services	16,225	16,225	-
42700-040C-WRAP-20-012 Georgia Department of Human Services	5,060	5,060	-
42700-040C-PSSF-20-092 Georgia Department of Human Services	21,413	21,413	-
42700-040C-PSSF-21-092 Georgia Department of Human Services	18,866	15,732	3,134
42700-040C-CAU-21-24 Georgia Department of Human Services	3,504	2,321	1,183
42700-040-0000086438 Georgia Department of Human Services	98,051	95,651	2,400
42700-040-0000096883 Georgia Department of Human Services	70,813	37,923	32,890
42700-040C-NS18-044 Georgia Department of Human Services	47,432	47,432	-
44100-026-0000154199 Georgia Department of Behavioral Health	292,378	177,776	114,602
44100-026-0000133236 Georgia Department of Behavioral Health	385,293	385,293	-
44100-026-0000128276 Georgia Department of Behavioral Health	242,731	226,572	16,159
44100-026-000151312 Georgia Department of Behavioral Health	164,451	112,747	51,704
44100-026-000137189 Georgia Department of Behavioral Health	161,682	161,682	-

(Continued)

**CHRIS 180, INC. AND SUBSIDIARIES
SCHEDULE OF STATE AWARDS EXPENDED
YEAR ENDED DECEMBER 31, 2020**

(Continued)

State Contract Number	Earned Revenues	Receipts	Due From (To) State Agency
44100-026-0000127020 Georgia Department of Behavioral Health	66,530	66,530	-
44100-026-0000148725 Georgia Department of Behavioral Health	90,408	80,469	9,939
44100-026-0000139231 Georgia Department of Behavioral Health	241,349	209,133	32,216
44100-026-0000156681 Georgia Department of Behavioral Health	29,911	-	29,911
46100-324-J2N200006 Georgia Department of Public Health	33,963	33,963	-
40500-032-19192890 Georgia Department of Public Health	55,000	40,000	15,000
130518 Hamilton County, Ohio Department of Jobs & Family Services	478,179	402,675	75,504
D19-8-001 Criminal Justice Coordinating Council	15,730	-	15,730
	<u>\$ 6,025,171</u>	<u>\$ 5,329,227</u>	<u>\$ 695,944</u>

CHRIS 180, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	<u>CHRIS Operations, LLC</u>	<u>CHRIS Homes Properties, LLC</u>	<u>CHRIS Properties Graham Circle, LLC</u>	<u>CHRIS Properties, LLC</u>	<u>CHRIS 180 Support Organization, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS							
Cash and cash equivalents	\$ 6,424,910	\$ 4,776	\$ 102,819	\$ 6,623	\$ -	\$ -	\$ 6,539,128
Cash restricted for capital improvements	926,203	-	-	-	438,590	-	1,364,793
Contracts receivable - federal, state, and local	2,815,001	-	-	-	32,833	-	2,847,834
Unconditional promises to give, net	845,004	-	-	-	-	-	845,004
Notes receivable - NMTC	8,563,750	-	-	-	-	-	8,563,750
Prepaid expenses and other assets	284,519	-	25,044	-	-	-	309,563
Property and equipment, net	8,262	709,806	4,669,185	2,738,404	11,568,367	-	19,694,024
Other assets	25,598	-	263,217	-	-	-	288,815
	<u>\$ 19,893,247</u>	<u>\$ 714,582</u>	<u>\$ 5,060,265</u>	<u>\$ 2,745,027</u>	<u>\$ 12,039,790</u>	<u>\$ -</u>	<u>\$ 40,452,911</u>
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable	\$ 366,009	\$ -	\$ 1,129	\$ -	\$ -	\$ -	\$ 367,138
Accrued expenses	1,135,374	6,586	46,974	6,586	22,812	-	1,218,332
Refundable advances	43,742	-	-	-	-	-	43,742
Notes payable, net	-	572,538	5,035,343	-	12,610,000	-	18,217,881
	<u>1,545,125</u>	<u>579,124</u>	<u>5,083,446</u>	<u>6,586</u>	<u>12,632,812</u>	<u>-</u>	<u>19,847,093</u>
Net Assets							
Without donor restrictions:							
Available for operations	3,971,913	(1,810)	342,977	37	10,021	-	4,323,138
Board designated	1,632,187	-	-	-	-	-	1,632,187
Contractually restricted	926,203	-	-	-	438,590	-	1,364,793
Expended for (invested in) property and equipment, net of debt	8,563,750	137,268	(366,158)	2,738,404	(1,041,633)	-	10,031,631
Total net assets without donor restrictions	15,094,053	135,458	(23,181)	2,738,441	(593,022)	-	17,351,749
With donor restrictions	3,254,069	-	-	-	-	-	3,254,069
Total Net Assets	<u>18,348,122</u>	<u>135,458</u>	<u>(23,181)</u>	<u>2,738,441</u>	<u>(593,022)</u>	<u>-</u>	<u>20,605,818</u>
Total Liabilities and Net Assets	<u>\$ 19,893,247</u>	<u>\$ 714,582</u>	<u>\$ 5,060,265</u>	<u>\$ 2,745,027</u>	<u>\$ 12,039,790</u>	<u>\$ -</u>	<u>\$ 40,452,911</u>

See Independent Auditors' Report on Supplementary Information

CHRIS 180 INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	CHRIS Operations, LLC	CHRIS Homes Properties, LLC	CHRIS Properties Graham Circle, LLC	CHRIS Properties, LLC	CHRIS 180 Support Organization, Inc.	Eliminations	Consolidated
Changes in net assets without donor restrictions							
Revenues, gains and support							
Government and other grants and contracts	\$ 19,542,430	\$ -	\$ 286,441	\$ -	\$ -	\$ -	\$ 19,828,871
Fee for service revenue	5,750,599	-	-	-	-	-	5,750,599
Contributions	3,384,823	-	-	-	-	-	3,384,823
In-kind donations	349,678	-	-	-	-	-	349,678
Interest income	133,933	2	-	3	-	-	133,938
Special event revenue, net of \$114,968 in direct expenses	377,008	-	-	-	-	-	377,008
Rental income	-	-	101,657	-	-	-	101,657
Rent and lease income from related party	-	390,000	-	244,908	136,000	(770,908)	-
Other income	435,344	194,187	44	-	-	(199,200)	430,375
Total revenues	29,973,815	584,189	388,142	244,911	136,000	(970,108)	30,356,949
Net assets released from restrictions	1,944,594	-	-	-	-	-	1,944,594
Total revenues, gains and support without donor restrictions	31,918,409	584,189	388,142	244,911	136,000	(970,108)	32,301,543
Expenses							
Program services							
Counseling Services	10,594,000	-	-	-	-	(215,312)	10,378,688
Community Services & Keeping Families Together	5,130,019	-	-	-	-	(74,274)	5,055,745
JourneyZ	4,568,537	-	-	-	-	(268,856)	4,299,681
TransitionZ	696,695	-	-	-	-	(21,000)	675,695
Clubhouse	507,908	-	-	-	-	(5,509)	502,399
AdoptionZ	632,028	-	-	-	-	(89,297)	542,731
Youth Build	278,665	-	-	-	-	-	278,665
Training Center	1,086,980	-	-	-	-	(21,664)	1,065,316
Housing and Property Zones 1 & 3	4	257,895	705,015	332,209	709,221	(199,200)	1,805,144
Total program services	24,387,290	257,895	705,015	332,209	709,221	(906,742)	25,484,888
Supporting services							
Management and general	2,851,250	-	-	-	-	(54,873)	2,796,377
Fundraising	818,007	-	-	-	-	(8,493)	809,514
Total expenses	28,056,547	257,895	705,015	332,209	709,221	(970,108)	29,090,779
Increase (decrease) in net assets without donor restrictions before transfers	3,861,862	326,294	(316,873)	(87,298)	(573,221)	-	3,210,764
Transfer of net assets without donor restrictions to related parties	174,858	(209,905)	167,250	(146,400)	14,197	-	-
Increase (decrease) in net assets without donor restrictions	4,036,720	116,389	(149,623)	(233,698)	(559,024)	-	3,210,764
Changes in net assets with donor restrictions:							
Contributions	1,807,970	-	-	-	-	-	1,807,970
Interest income	2,890	-	-	-	-	-	2,890
Net assets released from restrictions	(1,944,594)	-	-	-	-	-	(1,944,594)
Decrease in net assets with donor restrictions	(133,734)	-	-	-	-	-	(133,734)
Increase (decrease) in net assets	3,902,986	116,389	(149,623)	(233,698)	(559,024)	-	3,077,030
Net assets, beginning of year	14,445,136	19,069	126,442	2,972,139	(33,998)	-	17,528,788
Net assets, end of year	\$ 18,348,122	\$ 135,458	\$ (23,181)	\$ 2,738,441	\$ (593,022)	\$ -	\$ 20,605,818

See Independent Auditors' Report on Supplementary Information