

Venture House, Inc.

Financial Statements

June 30, 2022 and 2021

(With Independent Auditor's Report Thereon)



*Navigating the Road
to
Financial Security*

Venture House, Inc.

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DeSantis
Kiefer
Shall &
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LLP

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Independent Auditor's Report

Board of Directors
Venture House, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Venture House, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Venture House, Inc. as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Venture House, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Venture House, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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Venture House, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Venture House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Venture House, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Desantis, Kiefer, Small & Sarcone, LLP

Staten Island, New York

November 15, 2022

Venture House, Inc.

Statements of Financial Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 798,192	\$ 1,186,930
Grants Receivable, Net	1,827,257	1,437,543
Due from Affiliate	119,336	104,187
Prepaid Expenses	41,434	66,569
Security Deposit	4,500	4,500
Fixed Assets, Net of Accumulated Depreciation	492,201	537,395
Other Assets	<u> </u>	<u>2,120</u>
Total Assets	<u>\$ 3,282,920</u>	<u>\$ 3,339,244</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 356,550	\$ 435,083
Deferred Revenue	498,275	435,616
Refundable Advance - PPP Loan	<u> </u>	<u>271,655</u>
Total Liabilities	<u>854,825</u>	<u>1,142,354</u>
 <u>Net Assets:</u>		
Without Donor Restrictions		
Undesignated	2,202,435	1,441,207
Board Designated	175,660	755,683
With Donor Restrictions	<u>50,000</u>	<u> </u>
Total Net Assets	<u>2,428,095</u>	<u>2,196,890</u>
Total Liabilities and Net Assets	<u>\$ 3,282,920</u>	<u>\$ 3,339,244</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

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Venture House, Inc.

Statements of Activities for the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Net Assets Without Donor Restrictions</u>		
Support and Revenue:		
Support		
Government Grants	\$ 3,912,948	\$ 3,389,762
Other Grant Income - PPP Loan	271,655	
Member Rent	225,717	236,249
Food Sales to Members	7,058	
Contributions	7,836	236,739
Total Support	4,425,214	3,862,750
Revenue		
Fundraising	78,905	69,205
Interest Income	1,709	7,052
Other Income	39,221	25,716
Total Revenue	119,835	101,973
Total Support and Revenue	4,545,049	3,964,723
Expenses:		
Program Services	3,759,575	3,249,243
General and Administration	604,269	433,630
Total Expenses	4,363,844	3,682,873
Increase in Net Assets Without Donor Restrictions	181,205	281,850
<u>Net Assets With Donor Restrictions</u>		
Contributions	50,000	
Increase in Net Assets With Donor Restrictions	50,000	
Increase in Net Assets	231,205	281,850
Total Net Assets, Beginning of Year	2,196,890	1,915,040
Total Net Assets, End of Year	\$ 2,428,095	\$ 2,196,890

The Accompanying Notes are an Integral Part of these Financial Statements.

Venture House, Inc.

Statements of Cash Flows for the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	<u>\$ 231,205</u>	<u>\$ 281,850</u>
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Used In Operating Activities:		
Depreciation	45,794	14,985
(Increase) Decrease in Operating Assets:		
Grants Receivable	(389,714)	(943,912)
Due from Affiliate	(15,149)	(104,187)
Prepaid Expenses	25,135	(2,337)
Other Assets	2,120	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(78,533)	204,657
Due to Affiliate		(3,204)
Deferred Revenue	62,659	435,616
Refundable Advance - PPP Loan	<u>(271,655)</u>	<u> </u>
Total Adjustments	<u>(619,343)</u>	<u>(398,382)</u>
Net Cash Used In Operating Activities	<u>(388,138)</u>	<u>(116,532)</u>
Cash Flows from Investing Activities:		
Purchase of Improvements and Equipment	<u>(600)</u>	<u>(141,049)</u>
Net Cash Used In Investing Activities	<u>(600)</u>	<u>(141,049)</u>
Net Decrease in Cash and Cash Equivalent	(388,738)	(257,581)
Cash and Cash Equivalents, Beginning of Year	<u>1,186,930</u>	<u>1,444,511</u>
Cash and Cash Equivalents, End of Year	<u>\$ 798,192</u>	<u>\$ 1,186,930</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid for Interest	<u>\$ 0</u>	<u>\$ 0</u>
Cash Paid for Taxes	<u>\$ 0</u>	<u>\$ 0</u>

Venture House, Inc.

Statement of Functional Expenses for the Year Ended June 30, 2022

Program Services

	Supported Employment	Psychosocial Club- Queens	Psychosocial Club - Staten Island	Supported Housing	Vocational and Education	Total Program Expenses	General and Administration	Total
Personal Services	\$ 40,415	\$ 457,603	\$ 476,020	289,438	\$ 9,836	\$ 1,273,312	\$ 376,600	\$ 1,649,912
Fringe Benefits	11,538	169,770	152,212	91,891	5,247	430,658	55,929	486,587
Food	2,404	48,447	34,910	19,332	1,034	106,127	2,232	108,359
Repairs and Maintenance	1,600	21,674	36,220	17,427	585	77,506	1,556	79,062
Utilities	2,223	31,168	20,874	16,716	868	71,849	1,598	73,447
Equipment	504	7,195	7,732	3,835	208	19,474		19,474
Members' Social Expenses	583	8,242	6,774	4,756	258	20,613	6,524	27,137
Travel	148	2,359	9,500	1,174	66	13,247	13,802	27,049
Program Supplies	1,551	22,068	22,448	12,687	658	59,412	8,177	67,589
Communication	815	11,376	10,128	6,286	307	28,912	10	28,922
Insurance	828	13,161	11,981	6,925	393	33,288	9,289	42,577
Professional Fees	1,324	18,108	17,281	9,437	478	46,628	36,943	83,571
Bank Charges	266	4,437	3,996	2,889	228	11,816	1,026	12,842
Payroll Service Fees	358	5,286	4,623	3,610	136	14,013		14,013
Dues and Subscriptions	482	11,611	6,831	7,000	203	26,127	3,691	29,818
Service Contracts	2,863	39,777	34,252	21,578	1,989	100,459	7,801	108,260
Advertising	652	11,451	11,223	7,141	549	31,016	25	31,041
Other Expenses	23	166	26	210	7	432	20,083	20,515
Postage and Printing	283	4,342	456	2,109	111	7,301		7,301
Meeting and Conference	201	11,430	6,240	1,936	127	19,934	4,400	24,334
Occupancy	2,000	22,500	86,478	17,000	500	128,478	8,738	137,216
Depreciation							45,794	45,794
Rent Subsidy				1,238,973		1,238,973	51	1,239,024
Total Expenses	\$ 71,061	\$ 922,171	\$ 960,205	1,782,350	\$ 23,788	\$ 3,759,575	\$ 604,269	\$ 4,363,844

Venture House, Inc.

Statement of Functional Expenses for the Year Ended June 30, 2021

Program Services

	Supported Employment	Psychosocial Club- Queens	Psychosocial Club - Staten Island	Supported Housing	Vocational and Education	Total Program Expenses	General and Administration	Total
Personal Services	\$ 42,315	\$ 354,038	\$ 336,237	233,626	\$ 5,395	\$ 971,611	\$ 266,319	\$ 1,237,930
Fringe Benefits	13,220	125,422	104,452	92,927	1,819	337,840	83,984	421,824
Food	151	12,396	889	1,435	61	14,932	42	14,974
Repairs and Maintenance	1,637	19,590	14,015	13,480	319	49,041		49,041
Utilities	1,436	15,512	16,733	11,490	287	45,458		45,458
Equipment	155	2,542	2,388	1,722	128	6,935		6,935
Members' Social Expenses	295	4,668	4,535	3,170	263	12,931	910	13,841
Travel	53	604	212	445	16	1,330	9,888	11,218
Program Supplies	663	8,632	12,726	6,223	302	28,546	495	29,041
Communication	1,440	20,049	20,758	14,168	785	57,200	4,405	61,605
Insurance	960	17,274	17,274	11,580	896	47,984		47,984
Professional Fees	336	5,593	5,492	3,734	305	15,460	33,226	48,686
Bank Charges	31	664	618	1,776	31	3,120	297	3,417
Payroll Service Fees	177	3,249	3,298	2,253	194	9,171		9,171
Dues and Subscriptions	213	3,737	9,447	6,153	202	19,752		19,752
Service Contracts	1,885	28,656	27,175	20,082	1,534	79,332	3,241	82,573
Managed Care		113,598				113,598		113,598
Licenses and Fees							40	40
Advertising	545	9,808	9,708	6,545	635	27,241		27,241
Other Expenses	11			91	2	104	7,741	7,845
Postage and Printing	282	2,893	293	2,139	118	5,725	57	5,782
Meeting and Conference	384	6,984	7,112	3,943	251	18,674		18,674
Occupancy	2,000	22,500	70,860	17,000	500	112,860	8,000	120,860
Depreciation							14,985	14,985
Rent Subsidy				1,230,021		1,230,021		1,230,021
Bad Debt		10,616				10,616		10,616
COVID-19 Expenses	985	15,964	4,684	7,923	205	29,761		29,761
Total Expenses	\$ 69,174	\$ 804,989	\$ 668,906	1,691,926	\$ 14,248	\$ 3,249,243	\$ 433,630	\$ 3,682,873

The Accompanying Notes are an Integral Part of these Financial Statements.

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Venture House, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

1. Nature of Activities

Venture House, Inc. (the “Organization”) was founded in 1988 as a not-for-profit organization incorporated under the not-for-profit laws of New York State. Venture House, Inc. is primarily engaged in assisting psychiatrically disabled persons by providing and maintaining a clubhouse as a meeting place and by preparing them to become self-supporting.

2. Summary of Significant Accounting Policies

Reclassification

Certain reclassifications were made to the prior year’s financial information in order to conform to the current year’s presentation. Net assets were unchanged due to these reclassifications.

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition – Government Grants

Disbursements against state and local government revenues are subject to audit by state and local funding agencies. The acceptability of these payments is subject to final determination by the respective funding source. An allowance for doubtful accounts has not been provided for grants receivable as the Organization anticipates receiving full reimbursement from government funding agencies.

Amounts due from government agencies are costs incurred and consist of unreimbursed expenses of the current year. Similarly, amounts due to government agencies represent the excess of advances received over expenses incurred. The acceptability of these amounts, as well as other expenses of the program, is subject to final determination by the governmental funding source

Grants Receivable and Allowance for Doubtful Accounts

The Organization maintains an allowance for doubtful claims for estimated probable losses on uncollected fee related claims receivable. Uncollectable amounts, corresponding to the allowance, are charged against the allowance account upon identification; others are charged directly to operations as they are identified. The allowance for doubtful accounts totaled \$27,159 at June 30, 2022 and 2021.

Contributions

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic that addresses accounting for contributions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less and all restricted cash to be cash equivalents.

Fixed Assets, Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of the gift, if donated. Depreciation is provided over the estimated useful life on a straight-line basis.

Refundable Advance – PPP Loan

The Organization received a Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA) totaling \$271,655 as of and for the year ended June 30, 2020 and elected to account for these funds as a conditional contribution from a government agency. These funds were recognized as a refundable advance until all conditions of the PPP loan were met. The Organization received forgiveness of the loan in November 2021 and recognized the full amount as other grant income for the year ended June 30, 2022.

Deferred Revenue

Deferred revenue is recorded for advances received from state agencies that are to be applied to the next year's contract.

Compensated Absences

The Organization is obligated to pay for unused paid time off that has been earned through the last day of work at the current salary level upon termination of employee. Accrued compensated absences totaled \$48,502 and \$36,802 for the years ended June 30, 2022 and 2021, respectively.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expenses were \$31,041 and \$27,241 for the years ended June 30, 2022 and 2021, respectively.

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

Income Taxes

The Organization is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes and comparable law. The Organization represents that, to the best of its knowledge and belief, the tax-exempt status is still in effect as of June 30, 2022.

The Organization is subject to the provisions of the FASB ASC Topic 740, *Income taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses that are allocated are based upon allowable budgeted amounts with grantor agencies, as well as estimates of time and effort spent on programs and supporting services.

3. Liquidity and Availability

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 798,192	\$1,186,930
Grant Receivable	<u>1,827,257</u>	<u>1,437,543</u>
Total Financial Assets	\$2,625,449	\$2,624,473
Less: Board Designated Funds	<u>(175,660)</u>	<u>(755,683)</u>
Amount available for general Expenditures within one year	<u>\$2,449,789</u>	<u>\$1,868,790</u>

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

The Organization regularly monitors the availability of resources required to meet its operation needs and other contractual commitments, while also striving to maximize the investment of its available funds. For the purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mental health clubhouses, housing assistance, employment and education programs, as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 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 board has designated a portion of its unrestricted resources as an operating reserve. The purpose of this reserve is to provide cash in emergency situations in order to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses or loss of revenue. Those amounts are identified as board designated funds in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

4. Grants Receivable

Grants receivable from government agencies consisted of funds due from funding sources at June 30, 2022 and 2021, as follows:

	<u>2022</u>	<u>2021</u>
New York City Department of Health and Mental Hygiene Psychosocial Club	\$1,777,358	\$1,421,431
New York State Office of Mental Health Housing Contract	42,884	16,112
New York City Department of Health and Mental Hygiene Pandemic Support Grant	<u>7,015</u>	<u> </u>
Total Grants Receivable	<u>\$1,827,257</u>	<u>\$1,437,543</u>

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

5. Prepaid Expenses

Prepaid expenses consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Prepaid Insurance	\$32,976	\$30,377
Other Prepaid Expenses	<u>8,458</u>	<u>36,192</u>
Total Prepaid Expenses	<u>\$41,434</u>	<u>\$66,569</u>

6. Fixed Assets, Property and Equipment

Property and equipment as of June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 427,001	\$ 427,001
Leasehold Improvements	<u>616,008</u>	<u>615,408</u>
	1,043,009	1,042,409
Less: Accumulated Depreciation	<u>550,808</u>	<u>505,014</u>
Total	<u>\$ 492,201</u>	<u>\$ 537,395</u>

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Accounts Payable	\$244,120	\$313,657
Accrued Compensated Absences	48,502	36,802
Accrued Expenses	<u>63,928</u>	<u>84,624</u>
Total Accounts Payable and Accrued Expenses	<u>\$356,550</u>	<u>\$435,083</u>

Venture House, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 was \$50,000. These funds were purpose restricted by the donor to purchase a vehicle.

9. Board Designated Reserve

The purpose of the board designated operating reserve is to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The reserve performs this function by providing cash in emergency situations to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses or loss of revenue operating reserve is not meant to place a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of Venture House for Operating Reserves to be used when needed and replenished in relatively short order.

10. Pension Plan

The Organization sponsors a 403(b)-pension plan and provides a contribution of 6% of an employee's salary to the plan. All full-time staff members that meet the Plan's requirements are eligible to participate in the plan after one year of employment.

Total pension expense for the plans for the years ended June 30, 2022 and 2021 was \$44,436 and \$40,962, respectively, and is included in Fringe Benefits on the Statements of Functional Expenses.

11. Contingencies

The Organization receives the majority of its funding from government grant contracts, all of which are subject to audit by the funding sources. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and audited by the funding source. Until such audit has been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

12. Concentration of Credit Risk

The Organization maintains its cash balances at financial institutions located in the New York City area. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at June 30, 2022 and 2021. Uninsured cash was \$435,218 and \$614,868 at June 30, 2022 and 2021, respectively.

Venture House, Inc.

Notes to Financial Statements June 30, 2022 and 2021

13. Related Party Transactions

The Organization rents its facility from VH Properties, Inc. Rent expense for the years ended June 30, 2022 and 2021 was \$50,000 for both years.

Amount due from/(to) VH Properties, Inc. for security deposit and other transactions related to the leased property for the years ended June 30, 2022 and 2021 was \$119,336 and \$104,187, respectively. In fiscal year 2022 and 2021, the Organization advanced funds to VH Properties, Inc. for improvements to the building. The Organization will be reimbursed for advances in fiscal year 2023.

VH Properties, Inc. is required to remit all income, less expenses, to the Organization at the end of the year in accordance with Internal Revenue Service 501(c)(2) regulations. For the years ended June 30, 2022 and 2021, there was no excess income to remit to the Organization.

14. Operating Lease

A lease agreement was entered with VH Properties, Inc. July 1, 2017. The Organization leases the space from VH Properties, Inc. for an initial term of seven years, paying \$50,000 per year. At the end of the initial term, the Organization may renew the lease for an additional five years, paying \$50,000 per year for rent. Rent expense to VH Properties, Inc. was \$50,000 for both years ended June 30, 2022 and 2021.

The Organization renewed the lease for its Staten Island clubhouse with 1442-1448 Castleton Avenue LLC in June 2020 for an additional three-year term, which expired on June 30, 2023. The Organization paid rent of \$58,860 per year, plus its applicable portion of real estate taxes.

In June 2022, the Organization amended the lease for additional space at 1442 Castleton Ave, Staten Island, NY, paying \$10,405 per month for rent through June 30, 2023. There is an option in the lease to purchase the building for \$2.2 million and discussions have commenced regarding exercising the purchase option in the future. Rent expense and real estate taxes totaled \$87,216 and \$70,860 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments are as follows:

2023	\$174,860
2024	<u>50,000</u>
Total	<u>\$224,860</u>

Venture House, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

15. Subsequent Events

The Organization has evaluated events through November 15, 2022, the date which the financial statements were available to be issued.

16. Fair Value of Financial Instruments

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, grants receivable, prepaid expenses and accounts payable and accrued expenses. For these financial instruments, carrying values approximate fair value.