

# **Dress for Success Cincinnati and Affiliate**

**Consolidated Financial Statements  
with Supplementary Information  
December 31, 2021 and 2020, and  
Independent Auditors' Report**

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**  
**December 31, 2021 and 2020**

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## Independent Auditors' Report

The Board of Directors  
Dress for Success Cincinnati and Affiliate  
Cincinnati, Ohio

### Opinion

We have audited the accompanying consolidated financial statements of Dress for Success Cincinnati and Affiliate (non-profit organizations), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dress for Success Cincinnati and Affiliate as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dress for Success Cincinnati and Affiliate 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dress for Success Cincinnati and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

**Independent Auditor's Report  
(Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Dress for Success Cincinnati and Affiliate'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 Dress for Success Cincinnati and Affiliate'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.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Barnes, Dennig & Co., Ltd.*

May 9, 2022  
Cincinnati, Ohio

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidated Statements of Financial Position  
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,487,730	\$ 755,278
Pledges, grants and other receivables	74,722	131,667
Donated inventory	235,608	463,366
Prepaid expenses and other assets	18,472	14,436
Property and equipment, net	<u>185,542</u>	<u>13,988</u>
Total assets	<u>\$ 2,002,074</u>	<u>\$ 1,378,735</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 16,928	\$ 39,605
Straight-line rent liability	<u>37,420</u>	<u>74,930</u>
Total liabilities	<u>54,348</u>	<u>114,535</u>
<b>Net Assets</b>		
Without donor restrictions	907,013	837,189
With donor restrictions	<u>1,040,713</u>	<u>427,011</u>
Total net assets	<u>1,947,726</u>	<u>1,264,200</u>
Total liabilities and net assets	<u>\$ 2,002,074</u>	<u>\$ 1,378,735</u>

See accompanying notes to consolidated financial statements

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidated Statement of Activities  
Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Grants and contributions	\$ 311,206	\$ 31,800	\$ 343,006
TransformHER campaign donations	-	902,741	902,741
Special events	217,085	-	217,085
Boutique sales	124,332	-	124,332
Donated inventory	87,012	-	87,012
Paycheck Protection Program grants	79,293	-	79,293
Fee for service and other	9,255	-	9,255
Released from restriction	<u>320,839</u>	<u>(320,839)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>1,149,022</u>	<u>613,702</u>	<u>1,762,724</u>
<b>Expenses</b>			
Program	868,598	-	868,598
Management and general	61,880	-	61,880
Fundraising	<u>148,720</u>	<u>-</u>	<u>148,720</u>
<b>Total expenses</b>	<u>1,079,198</u>	<u>-</u>	<u>1,079,198</u>
<b>Change in net assets</b>	69,824	613,702	683,526
<b>Net assets, beginning of year</b>	<u>837,189</u>	<u>427,011</u>	<u>1,264,200</u>
<b>Net assets, end of year</b>	<u>\$ 907,013</u>	<u>\$ 1,040,713</u>	<u>\$ 1,947,726</u>

See accompanying notes to consolidated financial statements

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidated Statement of Activities  
Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Grants and contributions	\$ 253,405	\$ 53,950	\$ 307,355
TransformHER campaign donations	-	357,325	357,325
Special events	177,725	-	177,725
Boutique sales	62,759	-	62,759
Donated inventory	318,923	-	318,923
Paycheck Protection Program grants	71,843	-	71,843
Fee for service and other	4,251	-	4,251
Released from restriction	79,215	(79,215)	-
	<u>968,121</u>	<u>332,060</u>	<u>1,300,181</u>
Total support and revenue			
<b>Expenses</b>			
Program	553,221	-	553,221
Management and general	67,099	-	67,099
Fundraising	108,893	-	108,893
	<u>729,213</u>	<u>-</u>	<u>729,213</u>
Total expenses			
<b>Change in net assets</b>	238,908	332,060	570,968
<b>Net assets, beginning of year</b>	<u>598,281</u>	<u>94,951</u>	<u>693,232</u>
<b>Net assets, end of year</b>	<u>\$ 837,189</u>	<u>\$ 427,011</u>	<u>\$ 1,264,200</u>

See accompanying notes to consolidated financial statements

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidated Statements of Functional Expenses  
Years Ended December 31, 2021 and 2020**

	2021			2020				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and benefits	\$ 303,784	\$ 37,973	\$ 37,972	\$ 379,729	\$ 240,859	\$ 41,749	\$ 38,537	\$ 321,145
Legal and professional	27,985	6,219	27,986	62,190	66,711	8,339	8,338	83,388
Clothing donated	317,058	-	-	317,058	61,641	-	-	61,641
Rent	34,267	1,903	1,904	38,074	54,823	3,046	3,045	60,914
Payroll taxes	27,411	3,427	3,425	34,263	22,817	3,955	3,650	30,422
Consulting	18,168	3,179	24,073	45,420	12,084	2,115	16,012	30,211
Telephone and technology	26,682	1,482	1,482	29,646	25,087	2,952	1,475	29,514
Special events	-	-	34,869	34,869	-	-	26,361	26,361
Depreciation	13,944	775	774	15,493	15,574	866	864	17,304
Advertising	11,919	-	243	12,162	12,584	-	257	12,841
Printing	6,658	277	6,935	13,870	4,154	218	6,559	10,931
Insurance	8,783	-	-	8,783	10,389	-	-	10,389
Supplies	4,417	186	47	4,650	7,115	300	74	7,489
Meeting	6,764	376	376	7,516	6,037	318	-	6,355
Memberships and dues	3,812	715	238	4,765	3,191	598	200	3,989
Bank charges	-	2,384	1,590	3,974	-	2,320	1,546	3,866
Miscellaneous	13,400	353	353	14,106	3,448	-	383	3,831
Relocation	31,720	1,762	1,762	35,244	-	-	-	-
Repairs and maintenance	2,853	159	158	3,170	2,793	73	74	2,940
Postage	3,056	382	4,203	7,641	1,012	126	1,394	2,532
Travel	944	52	53	1,049	2,237	124	124	2,485
Utilities	4,973	276	277	5,526	665	-	-	665
<b>Total expenses</b>	<b>\$ 868,598</b>	<b>\$ 61,880</b>	<b>\$ 148,720</b>	<b>\$1,079,198</b>	<b>\$ 553,221</b>	<b>\$ 67,099</b>	<b>\$ 108,893</b>	<b>\$ 729,213</b>

See accompanying notes to consolidated financial statements



**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidated Statements of Cash Flows  
Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 683,526	\$ 570,968
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Non-cash change in donated inventory	227,758	(259,118)
Depreciation	15,493	17,304
Changes in:		
Pledges, grants and other receivables	56,945	(128,330)
Prepaid expenses and other assets	(4,036)	(5,158)
Accounts payable and accrued expenses	(22,677)	32,858
Straight-line rent liability	(37,510)	(3,266)
	919,499	225,258
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(187,047)	-
<b>Net change in cash and cash equivalents</b>	732,452	225,258
<b>Cash and cash equivalents, beginning of year</b>	755,278	530,020
<b>Cash and cash equivalents, end of year</b>	\$ 1,487,730	\$ 755,278

See accompanying notes to consolidated financial statements

## **DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

### **Notes to Consolidated Financial Statements**

#### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Nature of Activities***

Dress for Success Cincinnati (DFSC) empowers women to achieve economic independence by providing a network of support, professional attire, and development tools to help them thrive in work and in life. Its affiliate, Fourth Street Basement Boutique dba Portaluca (Portaluca), is a social enterprise that sells donated clothing; the net proceeds are transferred to Dress for Success Cincinnati. Both DFSC and Portaluca relocated from downtown Cincinnati to Norwood, Ohio in 2021, at the request of a new landlord, which wanted to convert the space previously occupied into residential units (see Note 9). In part to support the costs of the unplanned move, DFSC undertook a campaign to raise funds, a portion of which would subsidize the increased occupancy costs (see Note 3).

##### ***Principles of Consolidation***

The consolidated financial statements include the accounts of Dress for Success Cincinnati and Portaluca (collectively, the Organization), an affiliate controlled by Dress for Success Cincinnati. All significant inter-organizational balances and transactions have been eliminated.

##### ***Financial Statement Presentation***

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net asset with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### ***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market deposit accounts. The Organization maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

##### ***Donated Inventory***

Inventory donated to DFSC, which consists primarily of women's clothes used in its programs, is recorded at fair value. Other items of clothing that are donated to DFSC which cannot be used in its programs are not recorded, but are transferred and recorded by Portaluca for sale.

See independent auditors' report

## DRESS FOR SUCCESS CINCINNATI AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Property and Equipment*

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of receipt. Depreciation is computed on a straight-line basis over an estimated useful life of the respective assets. The cost of maintenance and repairs are expensed as incurred, while significant improvements are capitalized.

##### *Contributions*

The Organization records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. A gift that is originally restricted by the donor and for which the restriction is met in the same year that the gift is received is recorded as revenue without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

##### *Revenue Recognition*

The Organization identified its contracts with customers for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgement.

Revenue from contracts with customers is primarily recognized from boutique sales. These contracts consist of a single performance obligation, which is the promise to transfer the goods. Revenue is recognized by the Organization at a point in time, as the customer obtains control of the promised goods and the Organization satisfies its performance obligation.

The transaction price is stated in the contracts and is known at the time of contract inception. Variable consideration consists of discounts, which are recognized at the time of sale. The Organization does not extend credit to its boutique customers and payment is received at the time of sale.

See independent auditors' report

## DRESS FOR SUCCESS CINCINNATI AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Donated Services*

The Organization records donated services as revenues in the period received only if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

##### *Income Taxes*

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990s are subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

##### *Functional Allocation of Expenses*

The cost of program and supporting services activities have been summarized on a functional classification basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations were salaries and related expenses, which were allocated based on time and effort, and occupancy and depreciation, which were allocated based on square footage.

##### *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### *Subsequent Events*

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through May 9, 2022, which is the date the financial statements were available to be issued.

See independent auditors' report

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Notes to Consolidated Financial Statements  
(Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Recently Issued Accounting Standard Updates***

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar ending December 31, 2022.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for the calendar year ended December 31, 2022.

The Organization is currently in the process of evaluating the impact of adoption of this ASU on their financial statements.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Organization maintains liquid assets sufficient to cover three months of general expenditures as required by its Operating Reserve Policy adopted in November 2018. Financial assets in excess of daily cash requirements and grant funding are invested in money market funds.

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	2021	2020
Cash and cash equivalents	\$ 1,487,730	\$ 755,278
Pledges, grants and other receivables	74,722	131,667
Total financial assets	1,562,452	886,945
Less net assets with donor restrictions	(1,040,713)	(427,011)
Add amounts budgeted for general expenses included in net assets with donor restrictions	137,093	67,000
Total financial assets available for general expenditures within one year	\$ 658,832	\$ 526,934

See independent auditors' report

**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Notes to Consolidated Financial Statements  
(Continued)**

**NOTE 3 TRANSFORMHER CAMPAIGN**

During 2020, the Organization embarked on a \$1,200,000 TransformHER fundraising campaign to facilitate the move to a new location, establish a *Fund for the Future*, and create a major gifts program. Funds raised by the campaign have been designated to cover relocation expenses, a portion of the rent for the new location through 2024 (the date the prior lease was supposed to terminate) and the estimated personnel cost of hiring and three years of compensation of a development director. The remaining funds will be designated as a fund for the future, which can only be spent for future projects approved by the Board of Directors of DFSC. As of December 31, 2021 and 2020, the Organization had raised \$1,265,566 and \$357,325, respectively, in donations and pledges toward this campaign and utilized \$304,096 and \$21,209, respectively, for qualifying campaign expenses.

**NOTE 4 PLEDGES, GRANTS AND OTHER RECEIVABLES**

Pledges, grants and other receivables at December 31 as due to be collected as follows:

	2021	2020
Due within one year	\$ 59,722	\$ 91,667
Due in one to five years	15,000	40,000
	\$ 74,722	\$ 131,667

No discount was recorded as of December 31, 2021 and 2020.

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consisted of the following:

	2021	2020
Furniture and fixtures	\$ 46,498	\$ 50,185
Vehicles	34,089	34,089
Computer hardware and software	54,441	54,441
Leasehold improvements	160,980	21,597
Less accumulated depreciation	(110,466)	(146,324)
	\$ 185,542	\$ 13,988

See independent auditors' report

## DRESS FOR SUCCESS CINCINNATI AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
TransformHER campaign	\$ 955,970	\$ 336,116
Technology	36,982	30,719
ACT assessments	25,968	25,968
Workforce Development programs	5,455	25,000
Mobile unit	9,323	9,186
Client assistance and incentives	4,515	22
Advertising/marketing/printing	2,500	-
	<u>\$ 1,040,713</u>	<u>\$ 427,011</u>

#### NOTE 7 CONDITIONAL CONTRIBUTIONS

The Organization has a grant for which the grantor agency's promise to give is conditional upon the Organization incurring certain qualifying expenses under the grant program. At December 31, 2021 and 2020, the Organization had a remaining available award balance on this conditional grant of \$-0- and \$26,667, respectively. This award balance is not recognized as an asset and will be recognized as revenue as the conditions are met, generally as qualifying expenses are incurred.

#### NOTE 8 CONCENTRATION

One special event, The Fashion Show, comprised approximately 12% and 14% of total support and revenue for 2021 and 2020, respectively.

#### NOTE 9 OPERATING LEASES

The Organization leased office and retail space in downtown Cincinnati, Ohio under a noncancelable lease that originally expired in 2024. In 2021, this lease was terminated and rental obligations from March 1, 2021 through June 30, 2021 were waived, and accrued and unpaid rent for certain months in 2020, which had been withheld pending resolution of the lease termination and were reflected as accounts payable at December 31, 2020, were paid in 2021.

On March 4, 2021, the Organization entered into a new lease agreement for office and retail space that commenced on June 1, 2021 and expires on November 30, 2031. This lease calls for escalating rental payments to be made over the life of the lease. The straight-line annual rental expense is \$98,152 per year.

See independent auditors' report

## DRESS FOR SUCCESS CINCINNATI AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 9 OPERATING LEASES (CONTINUED)

Future minimum lease payments for the new lease will be:

2022	\$	92,876
2023		94,734
2024		96,628
2025		98,561
2026		100,532
Thereafter		<u>524,310</u>
		<u>\$ 1,007,641</u>

#### NOTE 10 PAYCHECK PROTECTION PROGRAM (PPP) GRANTS

On March 5, 2021, DFSC entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for a second round of funding for \$61,692. In accordance with its terms, all or a portion of the note may be forgiven in accordance with the Program requirements and interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. On October 22, 2021, DFSC received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, DFSC has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occurred on or before the statement of financial position date.

On February 23, 2021, Portaluca entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for a second round of funding for \$17,601. In accordance with its terms, all or a portion of the note may be forgiven in accordance with the Program requirements and interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. On October 22, 2021, Portaluca received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, Portaluca has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date.

See independent auditors' report



## DRESS FOR SUCCESS CINCINNATI AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 10 PAYCHECK PROTECTION PROGRAM (PPP) GRANTS (CONTINUED)

On April 5, 2020, DFSC entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for \$56,243. In accordance with its terms, all or a portion of the note may be forgiven in accordance with the Program requirements and interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. On February 8, 2021, DFSC received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, DFSC has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occurred on or before the statement of financial position date.

On April 5, 2020, Portaluca entered into a term note pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (CARES Act) Paycheck Protection Program (the Program) for \$15,600. In accordance with its terms, all or a portion of the note may be forgiven in accordance with the Program requirements and interest on the outstanding principal balance will accrue at a fixed rate of 1.00%, but neither principal or interest are due and payable during the initial 6-month deferral period after issuance. After the initial 6-month deferral period expires, the outstanding principal balance that is not forgiven under the Program will convert to an amortizing loan payable in 18 equal installments of principal. On February 20, 2021, Portaluca received notification from the bank that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, Portaluca has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the liability. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date.

#### NOTE 11 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in the Organization's programs and negative impacts to its special events and merchandise sales revenues in 2021 and 2020.

The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on the Organization's operations and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates, the related impact on consumer confidence and spending, and employment trends, all of which are highly uncertain.

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**SUPPLEMENTARY INFORMATION**

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

Consolidating Statement of Financial Position  
December 31, 2021

	Dress for Success	Portaluca	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 1,428,276	\$ 59,454	\$ -	\$ 1,487,730
Pledges, grants and other receivables	75,096	-	(374)	74,722
Donated inventory	130,379	105,229	-	235,608
Prepaid expenses and other assets	18,472	-	-	18,472
Property and equipment, net	185,542	-	-	185,542
Total assets	<u>\$ 1,837,765</u>	<u>\$ 164,683</u>	<u>\$ (374)</u>	<u>\$ 2,002,074</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 15,743	\$ 1,559	\$ (374)	\$ 16,928
Straight-line rent liability	37,420	-	-	37,420
Total liabilities	<u>53,163</u>	<u>1,559</u>	<u>(374)</u>	<u>54,348</u>
<b>Net Assets</b>				
Without donor restrictions	743,889	163,124	-	907,013
With donor restrictions	1,040,713	-	-	1,040,713
Total net assets	<u>1,784,602</u>	<u>163,124</u>	<u>-</u>	<u>1,947,726</u>
Total liabilities and net assets	<u>\$ 1,837,765</u>	<u>\$ 164,683</u>	<u>\$ (374)</u>	<u>\$ 2,002,074</u>

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

Consolidating Statement of Financial Position  
December 31, 2020

	Dress for Success	Portaluca	Eliminations	Consolidated
<b>Assets</b>				
Cash and cash equivalents	\$ 724,217	\$ 31,061	\$ -	\$ 755,278
Pledges, grants and other receivables	136,075	-	(4,408)	131,667
Donated inventory	371,070	92,296	-	463,366
Prepaid expenses and other assets	11,515	2,921	-	14,436
Property and equipment, net	13,988	-	-	13,988
Total assets	<u>\$ 1,256,865</u>	<u>\$ 126,278</u>	<u>\$ (4,408)</u>	<u>\$ 1,378,735</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 25,092	\$ 18,921	\$ (4,408)	\$ 39,605
Straight-line rent liability	49,852	25,078	-	74,930
Total liabilities	<u>74,944</u>	<u>43,999</u>	<u>(4,408)</u>	<u>114,535</u>
<b>Net Assets</b>				
Without donor restrictions	754,910	82,279	-	837,189
With donor restrictions	427,011	-	-	427,011
Total net assets	<u>1,181,921</u>	<u>82,279</u>	<u>-</u>	<u>1,264,200</u>
Total liabilities and net assets	<u>\$ 1,256,865</u>	<u>\$ 126,278</u>	<u>\$ (4,408)</u>	<u>\$ 1,378,735</u>

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidating Statement of Activities  
Year Ended December 31, 2021**

	Dress for Success			Portaliuca			Consolidated		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions		Restrictions	Restrictions	
<b>Support and revenue</b>									
Grants and contributions	\$ 310,812	\$ 31,800	\$ 342,612	\$ 394	\$ -	\$ 394	\$ -	\$ 311,206	\$ 343,006
TransformHER campaign donations	-	902,741	902,741	-	-	-	-	902,741	902,741
Special events	217,085	-	217,085	-	-	-	-	217,085	217,085
Boutique sales	-	-	-	124,332	-	124,332	-	124,332	124,332
Donated inventory	74,079	-	74,079	12,933	-	12,933	-	87,012	87,012
Paycheck Protection Program grants	61,692	-	61,692	17,601	-	17,601	-	79,293	79,293
Fee for service	9,255	-	9,255	-	-	-	-	9,255	9,255
Released from restriction	320,839	(320,839)	-	-	-	-	-	320,839	(320,839)
<b>Total support and revenue</b>	<b>993,762</b>	<b>613,702</b>	<b>1,607,464</b>	<b>155,260</b>	<b>-</b>	<b>155,260</b>	<b>-</b>	<b>1,149,022</b>	<b>1,762,724</b>
<b>Expenses</b>	<b>1,004,783</b>	<b>-</b>	<b>1,004,783</b>	<b>74,415</b>	<b>-</b>	<b>74,415</b>	<b>-</b>	<b>1,079,198</b>	<b>1,079,198</b>
<b>Change in net assets</b>	<b>(11,021)</b>	<b>613,702</b>	<b>602,681</b>	<b>80,845</b>	<b>-</b>	<b>80,845</b>	<b>-</b>	<b>69,824</b>	<b>683,526</b>
<b>Net assets, beginning of year</b>	<b>754,910</b>	<b>427,011</b>	<b>1,181,921</b>	<b>82,279</b>	<b>-</b>	<b>82,279</b>	<b>-</b>	<b>837,189</b>	<b>1,264,200</b>
<b>Net assets, end of year</b>	<b>\$ 743,889</b>	<b>\$ 1,040,713</b>	<b>\$ 1,784,602</b>	<b>\$ 163,124</b>	<b>\$ -</b>	<b>\$ 163,124</b>	<b>\$ -</b>	<b>\$ 907,013</b>	<b>\$ 1,947,726</b>

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidating Statement of Activities  
Year Ended December 31, 2020**

	Dress for Success			Portaluca			Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>									
Grants and contributions	\$ 253,281	\$ 53,950	\$ 307,231	\$ 124	\$ -	\$ 124	\$ -	\$ 53,950	\$ 307,355
Transform-HER campaign donations	-	357,325	357,325	-	-	-	-	357,325	357,325
Special events	177,725	-	177,725	-	-	-	-	-	177,725
Boutique sales	-	-	-	62,759	-	62,759	-	-	62,759
Donated inventory	301,197	-	301,197	17,726	-	17,726	-	-	318,923
Paycheck Protection Program grants	56,243	-	56,243	15,600	-	-	-	-	71,843
Fee for service	4,251	-	4,251	-	-	-	-	-	4,251
Released from restriction	79,215	(79,215)	-	-	-	-	-	(79,215)	-
<b>Total support and revenue</b>	<b>871,912</b>	<b>332,060</b>	<b>1,203,972</b>	<b>96,209</b>	<b>-</b>	<b>80,609</b>	<b>-</b>	<b>332,060</b>	<b>1,300,181</b>
<b>Expenses</b>	<b>609,907</b>	<b>-</b>	<b>609,907</b>	<b>119,306</b>	<b>-</b>	<b>119,306</b>	<b>-</b>	<b>729,213</b>	<b>729,213</b>
<b>Change in net assets</b>	<b>262,005</b>	<b>332,060</b>	<b>594,065</b>	<b>(23,097)</b>	<b>-</b>	<b>(38,697)</b>	<b>-</b>	<b>238,908</b>	<b>570,968</b>
<b>Net assets, beginning of year</b>	<b>492,905</b>	<b>94,951</b>	<b>587,856</b>	<b>105,376</b>	<b>-</b>	<b>105,376</b>	<b>-</b>	<b>598,281</b>	<b>693,232</b>
<b>Net assets, end of year</b>	<b>\$ 754,910</b>	<b>\$ 427,011</b>	<b>\$ 1,181,921</b>	<b>\$ 82,279</b>	<b>\$ -</b>	<b>\$ 66,679</b>	<b>\$ -</b>	<b>\$ 837,189</b>	<b>\$ 1,264,200</b>

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**  
**Consolidating Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Dress for Success			Portiailuca			Consolidated		
	Management and General		Total	Management and General		Total	Management and General		Total
	Program	Fundraising		Program	Fundraising		Program	Fundraising	
Salaries and benefits	\$ 255,402	\$ 31,925	\$ 319,252	\$ 48,382	\$ 6,048	\$ 60,477	\$ 303,784	\$ 37,973	\$ 379,729
Legal and professional	24,111	5,358	53,581	3,874	861	8,609	27,985	6,219	52,190
Clothing donated	317,058	-	317,058	(12,034)	(669)	(13,371)	317,058	-	317,058
Rent	46,301	2,572	51,445	6,262	783	7,827	34,267	1,903	38,074
Payroll taxes	21,149	2,643	26,436	-	-	-	27,411	3,427	34,263
Consulting	18,168	3,179	45,420	-	-	-	18,168	3,179	45,420
Telephone and technology	26,320	1,462	29,244	362	20	402	26,682	1,482	29,646
Special events	-	34,869	34,869	-	-	-	-	34,869	34,869
Depreciation	13,944	775	15,493	-	-	-	13,944	775	15,493
Advertising	8,489	-	8,662	3,430	-	3,500	11,919	-	12,162
Printing	6,633	276	13,818	25	1	52	6,658	277	13,870
Insurance	7,637	-	7,637	1,146	-	1,146	8,783	-	8,783
Supplies	3,509	148	3,694	908	38	956	4,417	186	4,650
Meeting	6,629	368	7,366	135	8	150	6,764	376	7,516
Memberships and dues	3,812	715	4,765	-	-	-	3,812	715	4,765
Bank charges	-	-	-	-	2,384	3,974	-	2,384	3,974
Miscellaneous	13,367	352	14,071	33	1	35	13,400	353	14,106
Relocation	31,720	1,762	35,244	-	-	-	31,720	1,762	35,244
Repairs and maintenance	2,261	126	2,512	592	33	658	2,853	159	3,170
Postage	3,056	382	7,641	-	-	-	3,056	382	7,641
Travel	944	52	1,049	-	-	-	944	52	1,049
Utilities	4,973	277	5,526	-	-	-	4,973	277	5,526
<b>Total expenses</b>	<b>\$ 815,483</b>	<b>\$ 52,372</b>	<b>\$ 1,004,783</b>	<b>\$ 53,115</b>	<b>\$ 9,508</b>	<b>\$ 74,415</b>	<b>\$ 868,598</b>	<b>\$ 61,880</b>	<b>\$ 1,079,198</b>

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**DRESS FOR SUCCESS CINCINNATI AND AFFILIATE**

**Consolidating Statement of Functional Expenses  
Year Ended December 31, 2020**

	Dress for Success			Portlandia			Consolidated		
	Management and General		Total	Management and General		Total	Management and General		Total
	Program	Fundraising		Program	Fundraising		Program	Fundraising	
Salaries and benefits	\$ 187,494	\$ 29,999	\$ 249,992	\$ 53,365	\$ 9,250	\$ 71,153	\$ 240,859	\$ 41,749	\$ 321,145
Legal and professional	62,181	7,772	77,726	4,530	566	5,662	66,711	8,339	83,388
Clothing donated	61,641	-	61,641	-	-	-	61,641	-	61,641
Rent	35,600	1,977	39,555	19,223	1,068	21,359	54,823	3,046	60,914
Payroll taxes	15,723	2,516	20,964	7,094	1,230	9,458	22,817	3,955	30,422
Consulting	12,084	16,012	30,211	-	-	12,084	12,084	2,115	30,211
Telephone and technology	24,274	1,428	28,558	813	96	956	25,087	2,952	29,514
Special events	-	26,361	26,361	-	-	-	-	-	26,361
Depreciation	14,735	819	16,372	839	47	932	15,574	866	17,304
Advertising	10,511	215	10,726	2,073	-	2,115	12,584	-	12,841
Printing	4,092	6,462	10,769	62	3	162	4,154	218	10,931
Insurance	8,764	-	8,764	1,625	-	1,625	10,389	-	10,389
Supplies	6,402	67	6,739	713	30	750	7,115	300	7,489
Meefing	6,037	-	6,355	-	-	-	6,037	318	6,355
Memberships and dues	3,191	200	3,989	-	-	-	3,191	598	3,989
Bank charges	-	-	-	-	2,320	3,866	-	2,320	3,866
Miscellaneous	2,993	332	3,325	455	51	506	3,448	383	3,831
Repairs and maintenance	2,132	56	2,244	661	17	696	2,793	73	2,940
Postage	986	1,357	2,466	26	3	66	1,012	126	2,532
Travel	2,237	124	2,485	-	-	-	2,237	124	2,485
Utilities	665	-	665	-	-	-	665	-	665
<b>Total expenses</b>	<b>\$ 461,742</b>	<b>\$ 95,696</b>	<b>\$ 609,907</b>	<b>\$ 91,479</b>	<b>\$ 14,630</b>	<b>\$ 119,306</b>	<b>\$ 553,221</b>	<b>\$ 67,099</b>	<b>\$ 729,213</b>

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