



SMITH CENTER
FOR HEALING AND THE ARTS
community. creativity. cancer support.

**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED
FINANCIAL INFORMATION FOR 2023**

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS
(SMITH CENTER)

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	
As of June 30, 2024	
With Summarized Financial Information for 2023	3
Statement of Activities	
For the Year Ended June 30, 2024	
With Summarized Financial Information for 2023	4
Statement of Functional Expenses	
For the Year Ended June 30, 2024	
With Summarized Financial Information for 2023	5
Statement of Cash Flows	
For the Year Ended June 30, 2024	
With Summarized Financial Information for 2023	6
Notes to Financial Statements	7-15



SALTI & ASSOCIATES, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Smith Farm, Ltd.
DBA Smith Center for Healing and the Arts
(Smith Center)
Washington, D.C.

Opinion

I have audited the accompanying financial statements of Smith Farm, Ltd. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Smith Farm, Ltd. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Smith Farm, Ltd. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Smith Farm, Ltd. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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.

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

- 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 Smith Farm, Ltd. 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Smith Farm, Ltd. ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Smith Farm, Ltd.'s financial statements, and my report dated January 5, 2024 expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

No. 211 SAG

Washington, DC
January 5, 2025

SMITH FARM, LTD
dba: SMITH CENTER FOR HEALING AND THE ARTS

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 747,466	\$ 884,208
Investments, equities at market value (note 4)	68,238	36,188
Investments, certificates of deposit (note 2)	625,217	602,621
Grants & pledges receivable (note 6)	147,243	132,463
Prepaid expenses	<u>19,135</u>	<u>23,656</u>
Total Current Assets	<u>1,607,299</u>	<u>1,679,136</u>
Property & Equipment - at Cost		
Land	333,085	333,085
Building	611,079	611,079
Improvements	1,320,872	1,258,072
Website	35,379	24,200
Furniture and equipment	<u>320,442</u>	<u>285,087</u>
Less: accumulated depreciation	<u>2,620,857</u>	<u>2,511,523</u>
Property & equipment, Net	<u>(1,119,872)</u>	<u>(1,050,774)</u>
Property & equipment, Net	<u>1,500,985</u>	<u>1,460,749</u>
Other Non-Current Assets		
Cash held in escrow	5,796	5,796
Accrued rent receivable	23,713	21,731
Art	<u>18,250</u>	<u>18,250</u>
Total Other Non-Current Assets	<u>47,759</u>	<u>45,777</u>
TOTAL ASSETS	<u>\$ 3,156,043</u>	<u>\$ 3,185,662</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 146,471	\$ 155,025
Deferred revenue	50,559	84,161
Deferred rent payable	23,713	21,731
Small Business Administration Loan (EIDL) Current (note 13)	<u>8,004</u>	<u>1,728</u>
Total Current Liabilities	<u>228,747</u>	<u>262,645</u>
Long-Term Liabilities		
Small Business Adminstration Loan (EIDL) Non-Current (note 13)	141,277	148,272
Security deposit payable non-current	<u>5,796</u>	<u>5,796</u>
Total Long-Term Liabilities	<u>147,073</u>	<u>154,068</u>
Total Liabilities	<u>375,820</u>	<u>416,713</u>
Net Assets		
Without donor restrictions	2,632,831	2,614,526
With donor restrictions (note 11)	<u>147,392</u>	<u>154,423</u>
Total net assets	<u>2,780,223</u>	<u>2,768,949</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,156,043</u>	<u>\$ 3,185,662</u>

The accompanying notes are an integral part of these financial statements

SMITH FARM, LTD
dba: SMITH CENTER FOR HEALING AND THE ARTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
REVENUE				
Grants and contributions	\$ 535,369	\$ 230,100	\$ 765,469	\$ 837,615
State and federal awards	67,862	-	67,862	20,115
Fees from programs	435,026	-	435,026	464,051
Event	522,683	-	522,683	387,676
Dividends and interest income	23,061	-	23,061	336
Rental income	95,550	-	95,550	97,496
Other income-Book/Art sales	256	-	256	4,608
In-kind contributions	137,422	-	137,422	134,119
Net assets released from restrictions for:				
Gallery	9,375	(9,375)	-	-
IION- Patient Navigator	5,670	(5,670)	-	-
Cancer Support Program	90,420	(90,420)	-	-
General Support - time restrictions	104,166	(104,166)	-	-
Artists in Residence	27,500	(27,500)	-	-
TOTAL REVENUE	2,054,360	(7,031)	2,047,329	1,946,016
EXPENSES				
Program Services Expenses:				
Health and Wellbeing	1,148,671	-	1,148,671	1,073,413
Education and Training	19,582	-	19,582	35,058
Art & Healing	558,009	-	558,009	686,276
Total Program Services Expenses	1,726,262	-	1,726,262	1,794,747
Supporting Services Expenses:				
Management and General	90,881	-	90,881	57,336
Fundraising	203,413	-	203,413	237,868
U Street	32,158	-	32,158	27,295
Total Supporting Services Expenses	326,452	-	326,452	322,499
TOTAL EXPENSES	2,052,714	-	2,052,714	2,117,246
Change in net assets, before nonoperating income	1,646	(7,031)	(5,385)	(171,230)
Non-Operating Income:				
Employee Retention Tax Credit	-	-	-	155,475
Unrealized gain (loss) on investment	16,659	-	16,659	11,465
CHNGE IN NET ASSETS	18,305	(7,031)	11,274	(4,290)
Net Assets, Beginning of Year	2,614,526	154,423	2,768,949	2,773,239
NET ASSETS, END OF YEAR	\$ 2,632,831	\$ 147,392	\$ 2,780,223	\$ 2,768,949

The accompanying notes are an integral part of these financial statements

SMITH FARM, LTD
dba: SMITH CENTER FOR HEALING AND THE ARTS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	Health and Wellbeing	Education and Training	Art & Healing	Total Program Expenses	Management and General	Fund-raising	U Street	2024	2023
Salary expense	\$ 549,568	\$ 8,174	\$ 192,494	750,236	\$ 32,376	\$ 82,630	\$ 14,937	\$ 880,179	\$ 803,574
Payroll taxes & fringe benefits	193,677	2,545	49,883	246,105	15,669	20,869	3,818	286,461	238,038
Advertising	10	2,746	431	3,187	953	100	-	4,240	8,570
Business insurance	10,016	132	9,445	19,593	474	1,079	197	21,343	22,130
Conferences & training	444	-	2,080	2,524	666	-	-	3,190	6,224
Consultant fees	133,684	1,306	221,420	356,410	17,948	16,694	3,985	395,037	515,723
Depreciation & amortization	5,874	77	1,513	7,464	278	633	60,723	69,098	63,216
Dues, memberships and fees	3,920	34	1,834	5,788	2,075	1,593	50	9,506	9,704
Gala event expenses	-	-	1,400	1,400	-	53,970	-	55,370	100,236
Information technology	23,502	866	6,634	31,002	1,026	2,340	420	34,788	63,370
Interest expense	-	-	-	-	11,281	-	-	11,281	4,846
Legal fees									
Maintenance & repairs	20,481	269	6,510	27,260	999	2,207	9,454	39,920	29,983
Management fees	-	-	-	-	-	-	14,995	14,995	6,669
Occupancy costs and utilities	66,778	1,209	32,564	100,551	5,456	12,195	(86,751)	31,451	31,374
Office & program supplies	6,985	1,278	13,713	21,976	1,627	677	64	24,344	28,851
Postage & delivery	701	877	843	2,421	32	3,992	14	6,459	10,642
Printing & copying	520	6	3,267	3,793	10	3,710	4	7,517	17,785
Real estate and other taxes	226	3	58	287	11	24	10,248	10,570	10,334
Retreat rent and other expenses	4,309	-	-	4,309	-	-	-	4,309	7,840
Travel	1,554	60	3,620	5,234	-	-	-	5,234	4,018
Total Expenses before In-Kind	1,022,249	19,582	547,709	1,589,540	90,881	202,713	32,158	1,915,292	1,983,127
In-Kind services	126,422	-	10,300	136,722	-	700	-	137,422	133,509
In-Kind goods	-	-	-	-	-	-	-	-	310
Total Expenses	\$ 1,148,671	\$ 19,582	\$ 558,009	\$ 1,726,262	\$ 90,881	\$ 203,413	\$ 32,158	\$ 2,052,714	\$ 2,116,946

The accompanying notes are an integral part of these financial statements

SMITH FARM, LTD
dba: SMITH CENTER FOR HEALING AND THE ARTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 11,274	\$ (4,290)
Adjustments to reconcile change in net assets		
to net cash provided (used) in operating activities:		
Depreciation	69,098	63,216
Net unrealized loss (gain) on investment	(16,659)	(11,465)
Change in operating assets and liabilities:		
Investments in securities	(15,391)	(5,014)
Investments in certificate of deposits	(22,596)	(31)
Grants & pledges receivable	(14,405)	183,637
Accrued rent receivable	-	1,150
Prepaid expenses	4,521	(4,576)
Accounts payable and accrued expenses	(8,554)	25,485
Deferred revenue	(33,602)	10,769
Net Cash Provided (Used) by Operating Activities	(26,314)	258,881
Cash Flows from Investing Activities:		
Purchase of computer equipment	(35,355)	(4,087)
Website cost development	(11,179)	-
Renovation costs	(62,800)	-
Repayment of note payable	(719)	-
Dividends reinvestment	(375)	(224)
Net Cash (used in) provided by Investing Activities	(110,428)	(4,311)
Net Increase (decrease) in Cash and Cash Equivalents	(136,742)	254,570
Cash and Cash Equivalents, beginning of year	<u>884,208</u>	<u>629,638</u>
Cash and Cash Equivalents, end of year	<u>\$ 747,466</u>	<u>\$ 884,208</u>

	2024	2023
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 11,281	\$ 4,846

The accompanying notes are an integral part of these financial statements

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. ORGANIZATION AND ACTIVITIES

Organization

Smith Center for Healing and the Arts is a Washington, DC based nonprofit health, education, and arts organization. Our mission is to develop and promote healing practices that explore physical, emotional, and mental wellness and lead to life-affirming changes.

Smith Center, a non-profit 501(c)(3) organization, is the only Washington, DC independent cancer support organization serving the entire population of our nation's capital. Smith Center is a national leader in utilizing the arts as tools for healing. Smith Center welcomes people of all races, genders, and religious traditions. Most programs are free of charge and Smith Center offers partial scholarship assistance for fee-based programs whenever possible.

Smith Center derives substantially all of its revenues from the contributions made by publicly and privately supported foundations. It is dependent upon these contributions for its continued operations. Management believes contributions will continue at a level sufficient to permit ongoing operations and activities.

Description of Program Services

Health and Wellness Smith Center offers integrative healing programs for adults with cancer, caregivers and the community. Cancer Support programs at the U Street facility include support groups, yoga and stress reduction, nutrition classes and creativity workshops. We also provide integrative Cancer Retreats. We offer individual patient navigation services and counseling through our trained integrative patient navigators, and have an onsite healing resource library.

Education and Training Smith Center provides learning communities to strengthen capacity and increase dialogue and communication between patients and clinicians. Our renowned in-person Integrative Oncology Navigation Training has been converted to an on-line training in partnership with Maryland University of Integrative Health (MUIH). The training launched in the Spring 2023. Learners from a variety of professions can earn a certificate of completion and up to 44 continuing education units including Nurses, Social Workers, Health and Wellness Coaches, and Nutrition Specialist.

Art & Healing Smith Center creates opportunities for people to explore their innate creativity and advance the understanding of the healing power of the arts. The Joan Hisaoka Healing Arts Gallery exhibits the work of professional artists around topics of healing. Smith Center collaborates with local hospitals to create healing arts and Artist in Residence programs including bringing artists onsite to work with patients, caregivers and staff.

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Smith Center and changes therein are classified and reported as:

Without Donor Restrictions – Those resources are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of Smith Center or by passage of time.

Smith Center has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Cash and Cash Equivalents

Smith Center considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consisted of \$747,466 and \$884,208 in banks and on hand in 2024 and 2023 respectively. As of June 30, 2024, Smith Center has a checking and a savings account at Truist Bank combined is subject to the FDIC \$250,000 limit.

During the year, the Center received funds from its rental property which is managed and held in escrow by a third party. The amount in escrow at June 30, 2024 is \$5,796.

Investments

Smith Center adopted Statement of Financial Accounting Standards (ASC-958-320), “Accounting for Certain Investments Held by Not-for-Profit Organizations.” The provisions of this standard require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value on the balance sheet. The unrealized gain or loss on investments is reflected in the statement of activities.

Certificates of Deposit

The Organization’s investments in certificates of deposit, with original maturities greater than ninety days, are valued at cost. These investments do not qualify as securities as defined in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 320, Investments—Debt and Equity Securities, thus fair value disclosures required by ASC 820, Fair Value Measurements and Disclosures, for the certificates of deposit are not provided.

**SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The property is depreciated over 40 years by application of the straight-line method. Furniture and equipment are depreciated over three to seven years by application of the straight-line method. Depreciation charged to expense amounted to \$69,098 and \$63,216 in 2024 and 2023 respectively. Capital expenditures over \$1,500 are capitalized in the statement of financial position.

Program Advances Program (Deferred Revenue)

Advances relate to cash received directly from nongovernmental agencies, not yet expended on the program and for sponsorship events for the following fiscal year. These amounts will be recognized as revenue as the expenses are incurred. As of June 30, 2024, and 2023, Smith Center has recorded a program advance of \$50,559 and \$84,161, respectively, from various sponsors and governmental nongovernmental agencies.

Contract Revenue Recognition

Revenue streams applicable to the Organization that qualify as exchange transactions (primarily fee for services) are recognized as the services are completed. Amounts received in advance are recorded as deferred revenue until the Organization has satisfied the requirements of the service.

Revenue Recognition

All contributions are considered to be without donor restrictions unless specifically communicated by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same time period as the contribution is received, Smith Center presents such contributions in the net assets without donor restrictions.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense amounted to \$4,240 and \$8,570 for the years ended June 30, 2024 and 2023, respectively.

Uncertain Tax Position

The Financial Accounting Standard Board (FASB) released FASB ASC 740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended June 30, 2024, Smith Center has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements.

**SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Smith Center has qualified as a non-profit organization under Internal Revenue Code Section 501 (c) (3) and consequently pays no taxes on its exempt function income. However, Smith Center would be liable for taxes on any unrelated business income.

Functional Expenses

Costs are charged to program services and management and general functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories are allocated based on direct personnel costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and in the disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates. Management believes that actual results will not be materially different from amounts provided in the accompanying financial statements.

In-Kind Goods and Services

In-kind goods and services: The Center receives significant donations of time and services from members of the community and volunteers related to program operations, and special events. Donated services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria:

- (a) the service requires specialized skills,
- (b) the service is provided by individuals who possess those skills, and
- (c) the service would typically need to be purchased if not contributed.

Donated services for the year ended June 30, 2024 were \$137,422. In-kind donations are recorded at fair value on the date of donation and were valued using estimated values of similar services under a “like-kind” methodology.

3. CONCENTRATION OF CREDIT RISK

At times during the year, Smith Center maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) \$250,000 limit. Management believes the risk in these situations to be minimal. As of June 30, 2024, Smith Center has an account at Truist Bank financial institution which is subject to FDIC limit.

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables set forth by level within the fair value hierarchy Smith Center's investment assets as of June 30, 2024.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$62,698	\$ -	\$62,698
Money market fund	68	-	68
Exchange Traded Funds	<u>5,472</u>	-	<u>5,472</u>
TOTAL	<u>\$68,238</u>	\$ -	\$68,238

Investments at fair value and cost at June 30, 2024 and 2023 were as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equities	\$43,967	\$62,698	\$ 28,624	\$31,048
Exchange Traded Funds	<u>5,143</u>	<u>5,472</u>	<u>5,069</u>	<u>5,140</u>
TOTAL	<u>\$49,110</u>	<u>\$68,170</u>	<u>\$ 33,693</u>	<u>\$36,188</u>

Investment return related to these investments is included with investment income on the statements of activities and changes in net assets at June 30, and was comprised of the following:

	<u>2024</u>	<u>2023</u>
Unrealized gain (loss)	\$19,060	\$ 2,495
Dividends	375	225

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. LINE OF CREDIT

On April 16, 2021, the Organization entered into a loan (credit line) with Truist Bank for \$60,000, with an interest rate based on the Lender's Prime Rate (The Index) with the understanding that under no circumstances will the interest rate on this loan will be less than 2.50%. The loan period is from April 10, 2024 to April 10, 2025. The outstanding balance as of June 30, 2024 was \$0.

6. ACCOUNTS RECEIVABLE

Total receivables due to Smith farm at June 30, 2024, \$170,956 broken down as follows:

Contract receivables	\$133,243	Due in 12 months
Contribution receivables	14,000	Due in 12 months
Rental receivables	23,713	Rental income in arrears due to pandemic
TOTAL	<u>\$170,956</u>	

Smith Center does not record an allowance for uncollectible promises receivable as accounts are written off when they are determined uncollectible.

7. CONTRIBUTED GOODS AND SERVICES

Smith Center received non-cash contributions from certain members of its board of directors and other sources that required specialized skills that would need to be paid if not provided by donations. During the fiscal year 2024, in-kind contributions totaled \$137,422 for supporting all areas of the nonprofit, including: teaching and facilitating various programs and workshops for Cancer Support Programs as well as volunteer and intern support for retreats, gallery, artist in residence, operations, fundraising, marketing, and renovations.

8. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Smith Center nonprofit's process of liquidity management calls for the organization to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due.

As part of its liquidity management Smith Center invested its cash in excess of daily requirements in various short-term investments, including certificates of deposit. In addition, the organization maintains a revolving line of credit with a commercial bank in the amount of \$60,000. The line of credit is available to meet general obligations if needed.

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

Assets Without Donor Restrictions Available Within 12 Months:

Cash and cash equivalents (Program and Operations)	\$ 747,466
Contract and accounts receivables	147,243
Certificates of deposits	<u>625,217</u>
Financial assets, at fiscal year-end	<u>1,519,926</u>
Less: those unavailable for general expenditures	
Within one year due to:	
Contractual or donor imposed restrictions	<u>(147,392)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$1,372,534</u>

9. PENSION PLAN

In November 2002, Smith Center implemented a pension plan (403b) for all full and part time employees (over 20 hours) after one year of employment. Smith Center contributes 5% of employee's annual W2 salaries. In the fiscal year ended June 30, 2024, Smith Center accrued \$19,005 on behalf of covered employees. Pension contribution for the entire year totaled \$35,570.

10. LEASING ARRANGEMENT AS LESSOR

The Center leases part of its headquarters building to unrelated businesses and other non-profit organizations. The lease agreements range from 3 to 5 years depending on the tenants. Income generated from the subtenant is not subject to unrelated business income tax under the federal income tax code for the year ended June 30, 2024.

Rental revenue is recognized monthly when billed. Rental payments received in advance are deferred until earned. All leases between the Center and the tenants are operating leases. Operating expenses incurred by The Center are charged to tenants and are billed monthly to the tenants with an annual adjustment made in accordance with the respective tenant leases.

The Center maintains accounts for security deposits received from the tenants. Total security deposits from tenants of \$5,796 are restricted and held by the Management company in an escrow account.

SMITH FARM, LTD.
DBA SMITH CENTER FOR HEALING AND THE ARTS (SMITH CENTER)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

11. NET ASSETS WITH DONOR RESTRICTIONS

Restrictions consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Cancer Support Program	\$ 64,058	\$ 89,379
Artists in Residence	35,000	17,500
Gallery (time restriction)	7,083	6,458
IION-Patient Navigation Training	-	5,670
General Support (time restriction)	41,251	35,417
TOTAL	<u>\$147,392</u>	<u>\$154,424</u>

12. METHODS OF ALLOCATING GENERAL MANAGEMENT AND OCCUPANCY COSTS

General and Management Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office expenses, information technology, depreciation and insurance, which are allocated based on salaries, which are allocated on the basis of estimates of time and effort.

Occupancy Cost Allocation:

Smith Center occupies 76% of its office building located on 1612 U Street, NW. Occupancy costs consist of depreciation, management fee, real estate taxes, personnel costs and utilities. Occupancy cost is allocated among program and supporting expenses based on percentage of total expenses for the whole organization.

13. SBA ECONOMIC INJURY DISASTER LOAN (“EIDL”)

On June 14, 2020, the Organization applied for a \$150,000 loan from SBA (Small Business Administration) under the EIDL (Economic Injury Disaster Loan) program and received the funds in January 2021. The loan matures in June 2050, at an interest rate of 2.75%, with monthly installments of principal and interest of \$641 beginning thirty months from the date of the loan. As of June 30, 2024, the balance outstanding on this loan was \$149,281.

The minimum payment required to make is \$641, but the Center is making a monthly payment of \$1,000. Payments are split between principal and interest. As of June 30, 2024, interest paid on the loan totaled \$11,281.

Subsequent to balance sheet date, for five months of payments of \$1,000 each, interest incurred amounted to \$1,706 and the balance of the loan is \$145,897.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

14. SMITH CENTER'S FOUNDER

Smith Center's Founder and major contributor passed away in the spring of 2003. The will of the founder established Barbara Smith Fund, a private foundation, under section 501 (c) (3) to perpetuate her life purpose which is to contribute to the healing arts.

“Specifically, the foundation will devote part of its resources to the maintenance and development of Smith Center, Ltd. The Center for Healing Arts that was established for as long as Smith Center, Ltd. itself continues to qualify as a 501 (c)(3) and continue to merit that support.”

During the course of fiscal year 2017, Barbara Smith Fund (BSF) was dissolved as a private foundation into “Donor Advised Fund.” As a result of the change, the Board of Smith Center unanimously adopted a resolution on January 17, 2017, that upon the unlikely dissolution of Smith Farm, Ltd (the Corporation), the net proceeds of the building at 1632 U Street, NW,

Washington, DC 20005, would go to the Barbara Smith Fund – Donor Advised Fund at Vanguard Charitable Endowment program.

As of the date of the report, Smith Center expects no change of commitment from Barbara Smith Fund – Donor Advised Fund. The Center expects a commitment of \$370,000 in fiscal year 2025.

15. SUBSEQUENT EVENTS

Smith Center has evaluated subsequent events occurring after the statement of financial position date through the date of January 5, 2025, the date the financial statements were available for release. Smith Center is not aware of any subsequent events.