

# DIGNITY WASHINGTON INC

*AUDIT REPORT AND FINANCIAL STATEMENTS*

SEPTEMBER 30, 2023

**DIGNITY WASHINGTON INC**  
***REVIEW REPORT AND FINANCIAL STATEMENTS***

**SEPTEMBER 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Dignity Washington Inc  
Washington, D.C.

***Opinion***

We have audited the accompanying financial statements of Dignity Washington Inc (DWI) (a District of Columbia not-for-profit organization) which comprises the statements of financial position as of September 30, 2023 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 the Dignity Washington Inc. as of September 30, 2023, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 Dignity Washington Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 DWI's ability to continue as a going concern for the year ended September 30, 2023.

***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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 DWI'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 DWI'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.

Washington DC  
December 4, 2023

*Nanette K Miller CPA PC*

DIGNITY/WASHINGTON, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF SEPTEMBER 30, 2023

**ASSETS**

Cash and cash equivalents	\$ 696,927
Building, furniture and equipment	931,902
Less: accumulated depreciation	<u>(56,637)</u>
	<u>875,265</u>
Other assets:	
Artwork (donated)	11,000
Cemetery plots (donated)	12,149
Prepaid expenses	<u>1,669</u>
	<u>24,818</u>
<i>Total assets</i>	<u><u>\$ 1,597,010</u></u>

**LIABILITIES AND NET ASSETS**

Accounts payable and accrued expenses	<u>\$ 1,242</u>
<i>Total liabilities</i>	<u>1,242</u>
Net assets with donor restrictions:	
Board restricted net assets - Always Our Home	\$ 23,152
Board restricted net assets - Defender's Fund	11,181
Net assets without donor restrictions - other	<u>1,561,435</u>
	<u>1,595,768</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 1,597,010</u></u>

DIGNITY WASHINGTON INC  
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and gains</b>			
Grants and contributions	\$ 92,476	\$ -	\$ 92,476
Dinners and socials	11,826	-	11,826
Membership dues	1,480	-	1,480
In-kind contributed goods	2,027	-	2,027
Miscellaneous income	5	-	5
	<u>107,814</u>	<u>-</u>	<u>107,814</u>
Released from donor restrictions	-	-	-
<b>Other revenue, gains and (losses):</b>			
Investment income, net or unrealized losses	<u>14,422</u>	<u>-</u>	<u>14,422</u>
Total support and revenue	<u>\$ 122,236</u>	<u>\$ -</u>	<u>\$ 122,236</u>
<b>Expenses and losses:</b>			
Program expenses	<u>150,794</u>	<u>-</u>	<u>150,794</u>
General, administrative and support services	19,762	-	19,762
Fund raising	1,746	-	1,746
	<u>21,508</u>	<u>-</u>	<u>21,508</u>
<b>Total expenses and losses</b>	<u>172,302</u>	<u>-</u>	<u>172,302</u>
<b>Change in net assets</b>	(50,066)	-	(50,066)
Net assets, beginning	1,645,115	-	1,645,115
Prior period adjustment	<u>719</u>	<u>-</u>	<u>719</u>
Net assets, ending	<u><u>\$ 1,595,768</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,595,768</u></u>

DIGNITY/WASHINGTON, INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<b>Program Expenses</b>	<b>Management, General and Administrative</b>	<b>Development/ Fundraising</b>	<b>Total</b>
Salaries and benefits	\$ 17,190	\$ 2,427	\$ 607	\$ 20,224
Professional fees	680	2,720	-	3,400
Bank charges	-	755	-	755
Advertising	2,793	-	310	3,103
Community outreach	9,950	-	-	9,950
Building operations and repairs	30,546	4,633	460	35,639
Grants and contributions	13,223	-	-	13,223
Liturgy expenses	34,698	-	-	34,698
Social events expenses	10,271	-	-	10,271
Supplies	1,436	825	91	2,352
Telephone	1,477	174	87	1,738
Insurance	885	2,066	-	2,951
Depreciation	20,002	3,530	-	23,532
In-kind donated goods	2,027	-	-	2,027
Equipment rental	3,769	2,450	63	6,281
Program and education	750	-	-	750
Other operating expenses	1,097	183	128	1,408
	<u>\$ 150,794</u>	<u>\$ 19,762</u>	<u>\$ 1,746</u>	<u>\$ 172,303</u>

DIGNITY/WASHINGTON, INC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

***CASH FLOW FROM OPERATING ACTIVITIES:***

Change in net assets	\$ (50,066)
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*Adjustments to reconcile to the change in net assets  
(used in) operating activities:*

Depreciation and amortization	23,532
Decrease (increase) in advances and prepaid expenses	(460)
Increase (decrease) in accounts payable and accrued expenses	(2,958)
Increase (decrease) in grants payable	(10,000)
	(39,952)

***CASH FLOW FROM INVESTING ACTIVITIES:***

Design costs of Dignity Center	(20,000)
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<b><i>TOTAL ADJUSTMENTS</i></b>	(59,952)
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<i>Cash and cash equivalents, beginning of period</i>	756,879
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<b><i>Cash and cash equivalents, end of period</i></b>	<b>\$ 696,927</b>
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**SUPPLEMENTAL CASH FLOW INFORMATION:**

In-kind contributions	\$ 2,707
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There were no non-cash investing or financing activities for the year ended September 30, 2023.



**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

## **1. ORGANIZATION**

Dignity Washington Inc (the Organization or DW) is a non-profit organization incorporated under the laws of the District of Columbia in 1972. The Organization is being operated exclusively for charitable and educational purpose within the meaning of Section 501(c)(3).

Dignity Washington Inc is a community of Lesbian, Gay, Bisexual, & Transgender Catholics and other Christians, our families and friends. We provide a healing outreach to Lesbian, Gay, Bisexual, & Transgender Catholics and other people by affirmation that they are beloved Children of God. We gather together to establish a nurturing community of worship, blessing, celebration, ministry, spiritual development, education, & fellowship. We are a prophetic witness to the Church, to the Lesbian, Gay, Bisexual & Transgender community and to society.

### **PROGRAMS -**

Always Our Home (AOH) is a board designated fund to be used for capital expenditures and operating expenses related to the Dignity Center.

Defender's Fund (Leather/Levi Club) is an unincorporated fellowship of individuals operating with Dignity Washington Inc providing positive guidance, outreach, socialization and assistance. Additionally they engage in various fundraising activities and make contributions to other charities, including the Organization's general fund.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### *Basis of accounting*

The financial statements of DW have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification ( FASB ASC) Topic 958, Not-for-Profit Entities.

### *Basis of presentation*

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958 accounting for contributions received and contributions made financial statements of not-for-profit organizations. Contributions are recognized as revenue when they are received or unconditionally pledged. FASB ASC Topic 958 eliminates the utilization of fund accounting for financial reporting purposes and requires that net assets be classified as (1) net assets without donor restrictions; and (2) net assets with donor restrictions depending on limitations placed on the net assets by donors. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Basis of presentation (continued)*

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that may be met or will be met either by actions of the Organization and/or the passage of time.

*Buildings, furniture, fixtures and equipment*

Buildings and related costs are capitalized at cost and depreciated over their estimated useful life using the straight-line method of 39 years. Furniture, fixtures and equipment are depreciated over 5-15 years. The Organization considers property and equipment to be items with a cost of \$1,000 or more and a useful life of over one year. Repairs and maintenance costs are expensed unless these repairs extend the estimated useful life of the asset.

*Income taxes*

DW is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. This code section enables DW to accept donations that qualify as charitable contributions to the donor. DW is subject to tax on net income from unrelated business activities. For the year ended September 30, 2023, DW did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

*Uncertain tax positions*

Financial Accounting Standards Board Accounting Standards Codification 740-10, Accounting for Uncertainty of Income Taxes clarifies the accounting for the recognition and measurement of the benefits of an individual tax position in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the financial statements.

The Organization is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements, pursuant to *Accounting Standards Codification (ASC) for Income Taxes*. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. The open tax years are September 30, 2019- 2023. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is DW's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of September 30, 2023, the Organization had no accruals for interest and/or penalties as there were no uncertain tax positions.

**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Functional expenses and allocations*

The costs of providing the various programs and other operating activities have been summarized on a functional basis in the statement of functional expenditures. Certain costs that benefit a given program have been directly allocated to that program. Additionally, certain indirect general and administrative costs have been allocated amongst the programs based on management's best estimate of the benefit derived by each function from these expenditures.

*Cash equivalents*

For purposes of the statement of cash flows, the Organization considers highly liquid investments to include certificates of deposits as well as demand deposits at financial institutions.

*Revenue Recognition*

DW's primary source of revenue is contributions from individuals and fund raising events. The Organization reports unconditional contributions and grants of cash and other assets as net assets without donor restrictions and available for general operations, unless specifically restricted by the donor. If contributions and grants are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific time periods, the Organization reports the contributions and grants as net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Unconditional contributions and grants that are expected to be collected in the future are recorded as pledges receivable when the promises are made. Unconditional pledge receivables that are expected to be collected within one year is reported at net realizable value. Unconditional pledge receivables that are expected to be collected beyond one year is reported at the present value of their estimated future cash flows. Program and contract income is recognized when earned. Program and contract income received in advance of performance are recorded as deferred revenue.

**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Revenue Recognition (continued)*

Non-cash contributions, such as marketable securities or other valuables easily converted into cash, are recorded at the fair market value on the date of the contribution. Any gain or loss on the subsequent sale is reported in the Statement of Activity as a realized gain/loss and is considered unrestricted revenue.

*In-kind contributions*

In accordance with FASB ASC Topic 958, in-kind contributions, if any, are recorded at their estimated fair market value on the date the unconditional promise to give the asset is made and transfer of the asset is assured. As of September 30, 2023, DW has artwork and cemetery plots, donated in prior years, valued at \$23,149, collectively. In kind contributions are included in the accompanying financial statements since the value of the donated services and materials can be objectively measured. For the year ended September 30, 2023, in-kind donations totaled \$2,027.

*Investments*

In accordance with FASB ASC Sub-Topic 958-320 relating to the accounting for certain investments held by non-profit organizations, investments are carried at estimated fair value based on quoted market prices. Investments received through gifts are recorded at estimated fair market value at the date of donation. Investment income or losses (including realized gains and losses on investments, interest and dividends) are reported when earned and included as operating activities in the Statement of Activity. Unrealized gains and losses, if any, are classified as other (income) losses in the Statement of Activities. In the absence of any donor-imposed or legal restrictions on how investment income may be used, gains are reported as an increase in unrestricted net assets. A loss, realized or unrealized, is recorded as a decrease in unrestricted net assets. If restrictions do exist on the use of an investment, the gain or loss is shown as an increase or decrease in either temporarily or permanently restricted net assets, depending on the type of restriction existing. Investment income (i.e., interest and dividends) earned during the year is reported as an increase in unrestricted net assets, unless the income's use is restricted; in that case, temporarily or permanently restricted net assets are increased depending upon the restriction.

Per FASB ASC Sub-Topic 958-320, certificates of deposit are considered cash equivalents and are not classified as investments held for sale. Additionally they are required to be recorded at current market value. As of September 30, 2023 certificate of deposits, investments consisted of five (5) certificates of deposit with a total face value of \$425,000.

**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

### **3. RISKS AND UNCERTAINTIES**

#### **COVID -19 Pandemic**

The spread of COVID-19 has had a disruptive impact on the daily life and operations of individuals, businesses, and not-for-profits globally. There continues to be an uncertainty about the financial and economic impacts in all sectors. The financial markets have experienced significant volatility, and this may continue for an extended period of time. Management continues to assess how best to adapt to these changed circumstances

### **4. PROPERTY, FURNITURE AND EQUIPMENT**

Building, furniture and equipment consisted of the following as of September 30:

<b>Description</b>	
Building	\$ 905,000
Purchase and settlement costs	26,903
Office furniture and equipment	2,000
<b>Subtotal</b>	<b>\$ 933,902</b>
Less: Accumulated depreciation	(58,637)
<b>Total</b>	<b>\$ 875,265</b>

Depreciation expense for the year ended September 30, 2023 totaled \$23,532.

### **5. GRANTS PAYABLE**

The Organization had approved a three (3) year grant to another non-profit organization. The grant is payable in three (3) equal installments of \$10,000, paid annually. This grant payable was fully paid on February 13, 2023.

### **6. BOARD DESIGNATED NET ASSETS**

The board of directors has designated funds for the AOH and Defender's programs (see Note 2). As of September 30, 2023, the remaining balances in the AOH and the Defender's board designated funds are \$23,152 and \$11,181, respectively.

**DIGNITY WASHINGTON INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

## **7. CONCENTRATIONS**

At times during the year it is possible for DW to maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) limits of \$250,000. As of September 30, 2023, there were no cash/investment balances in one financial institution that exceeded the SIPC/FDIC limits. Management considers the risk of loss relating to these accounts held by the brokerage firm to be minimal.

## **8. COMMITMENTS**

During the ordinary course of business, the Organization entered into a leasing arrangement for office equipment. The term of this agreement is 5 years with monthly rent expense relating to these agreements averaging approximately \$360. For the year ended September 30, 2023, total rent expense under these leases totaled \$4,320.

## **9. LIQUIDITY**

DW's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents - not subject to conditions	\$ 696,927
Prepaid expenses	1,669
Accounts payable and other committed funds	(1,242)
	<b>\$ 697,354</b>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. DW has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet over a year's of normal operating expense, which are, on average, approximately \$13,000 per month. DW's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

## **10. SUBSEQUENT EVENTS**

Subsequent events have been reviewed through December 4, 2023 and no additional transactions were noted requiring adjustment to or disclosure in the financial statements for September 30, 2023.