

SMYAL Inc.

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

December 31, 2024 and 2023

SMYAL Inc.

Financial Statements December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SMYAL Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SMYAL Inc. (SMYAL), which comprise the statements of financial position as of December 31, 2024 and 2023; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SMYAL as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 SMYAL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

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 SMYAL's ability to continue as a going concern within one year after the date that the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 SMYAL'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 SMYAL's ability to continue as a going concern for a reasonable period of time.

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

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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025 on our consideration of SMYAL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SMYAL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SMYAL's internal control over financial reporting and compliance.



Vienna, Virginia
September 16, 2025

SMYAL Inc.

Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 1,569,062	\$ 1,580,337
Grants receivable	732,864	688,041
Contributions receivable	-	200,000
Intangible assets, net	12,831	2,172
Property and equipment, net	203,654	187,045
Deposits	36,731	39,520
Right-of-use asset – operating lease – houses	-	359,904
Right-of-use asset – operating lease – copier	20,488	27,063
Total assets	\$ 2,575,630	\$ 3,084,082
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 155,360	\$ 142,296
Refundable advances	-	125,000
Lease liability – operating lease – houses	-	365,245
Lease liability – operating lease – copier	21,994	29,072
Total liabilities	177,354	661,613
Net Assets		
Without donor restrictions:		
Undesignated	1,578,276	1,452,469
Board-designated – operating reserve fund	770,000	750,000
Board-designated – infrastructure fund	50,000	20,000
Total without donor restrictions	2,398,276	2,222,469
With donor restrictions:		
Purpose and time restrictions	-	200,000
Total net assets	2,398,276	2,422,469
Total liabilities and net assets	\$ 2,575,630	\$ 3,084,082

See accompanying notes.

SMYAL Inc.

Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Special events:			
Special event revenue	\$ 798,354	\$ -	\$ 798,354
Less: costs of direct benefit to donors	(270,336)	-	(270,336)
Net revenue from special events	528,018	-	528,018
Government grants	2,973,619	-	2,973,619
Contributions	1,528,214	-	1,528,214
Training revenue	4,950	-	4,950
Interest income	80,335	-	80,335
Net assets released from restrictions	200,000	(200,000)	-
Total revenue and support	5,315,136	(200,000)	5,115,136
Expenses			
Program services:			
Health and wellness	1,123,066	-	1,123,066
Community education	508,471	-	508,471
Youth leadership development	435,682	-	435,682
Transitional housing	2,608,918	-	2,608,918
Total program services	4,676,137	-	4,676,137
Supporting services:			
General and administrative	331,531	-	331,531
Fundraising	131,661	-	131,661
Total supporting services	463,192	-	463,192
Total expenses	5,139,329	-	5,139,329
Change in Net Assets	175,807	(200,000)	(24,193)
Net Assets, beginning of year	2,222,469	200,000	2,422,469
Net Assets, end of year	\$ 2,398,276	\$ -	\$ 2,398,276

See accompanying notes.

SMYAL Inc.

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Special events:			
Special event revenue	\$ 725,887	\$ -	\$ 725,887
Less: costs of direct benefit to donors	(214,176)	-	(214,176)
Net revenue from special events	511,711	-	511,711
Government grants	2,791,670	-	2,791,670
Contributions	1,604,731	350,000	1,954,731
Training revenue	21,166	-	21,166
Interest income	55,341	-	55,341
Net assets released from restrictions	150,000	(150,000)	-
Total revenue and support	5,134,619	200,000	5,334,619
Expenses			
Program services:			
Health and wellness	930,942	-	930,942
Community education	433,678	-	433,678
Youth leadership development	338,511	-	338,511
Transitional housing	2,780,987	-	2,780,987
Total program services	4,484,118	-	4,484,118
Supporting services:			
General and administrative	334,904	-	334,904
Fundraising	128,512	-	128,512
Total supporting services	463,416	-	463,416
Total expenses	4,947,534	-	4,947,534
Change in Net Assets	187,085	200,000	387,085
Net Assets , beginning of year	2,035,384	-	2,035,384
Net Assets , end of year	\$ 2,222,469	\$ 200,000	\$ 2,422,469

See accompanying notes.

SMYAL Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services					Supporting Services				Total
	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Supporting Services	
Salaries	\$ 727,575	\$ 341,034	\$ 242,532	\$ 1,325,661	\$ 2,636,802	\$ 58,559	\$ 58,559	\$ -	\$ 117,118	\$ 2,753,920
Payroll taxes	60,007	28,127	20,003	109,333	217,470	4,830	4,830	-	9,660	227,130
Employee benefits	100,110	46,924	33,371	182,403	362,808	8,057	8,057	-	16,114	378,922
Contracted services	58,523	9,479	3,014	-	71,016	45,270	29,080	-	74,350	145,366
Conferences and meetings	2,953	2,953	2,953	2,953	11,812	1,478	1,477	-	2,955	14,767
Occupancy	-	-	-	639,067	639,067	-	-	-	-	639,067
Office and other supplies	11,717	11,717	11,717	11,717	46,868	5,855	5,857	-	11,712	58,580
Printing and copying	187	187	187	187	748	92	93	-	185	933
Postage and delivery	15	15	15	15	60	8	7	-	15	75
Telephone	7,156	7,156	7,156	7,156	28,624	3,577	3,577	-	7,154	35,778
Equipment rental	1,496	1,496	1,496	1,496	5,984	749	749	-	1,498	7,482
Bank fees	-	-	-	707	707	1,611	-	-	1,611	2,318
Dues and subscriptions	1,150	1,150	1,150	1,150	4,600	575	575	-	1,150	5,750
Travel	3,625	3,625	3,625	3,625	14,500	1,812	1,813	-	3,625	18,125
Depreciation and amortization	4,757	4,757	4,757	4,757	19,028	2,379	2,379	-	4,758	23,786
Marketing	13,126	13,126	13,126	13,126	52,504	6,563	6,563	-	13,126	65,630
Information technology	4,551	4,551	4,551	4,551	18,204	2,275	2,276	-	4,551	22,755
Interest	-	-	-	-	-	9,590	-	-	9,590	9,590
Insurance	7,202	7,202	7,202	7,202	28,808	3,601	3,600	-	7,201	36,009
Payroll fees	-	-	-	-	-	4,955	-	-	4,955	4,955
Program supplies	114,579	8,315	44,490	221,083	388,467	-	-	-	-	388,467
Professional fees	-	-	-	-	-	167,527	-	-	167,527	167,527
Fall brunch	-	-	-	-	-	-	-	270,336	270,336	270,336
Repair and maintenance	3,063	3,063	3,063	3,063	12,252	1,531	1,532	-	3,063	15,315
Licenses and permits	38	38	38	38	152	19	19	-	38	190
Utilities	1,236	1,236	1,236	69,628	73,336	618	618	-	1,236	74,572
Advocacy	-	12,320	-	-	12,320	-	-	-	-	12,320
Scholarships	-	-	30,000	-	30,000	-	-	-	-	30,000
Total Functional Expenses	1,123,066	508,471	435,682	2,608,918	4,676,137	331,531	131,661	270,336	733,528	5,409,665
Less: direct benefit to donors	-	-	-	-	-	-	-	(270,336)	(270,336)	(270,336)
Total Expenses	\$ 1,123,066	\$ 508,471	\$ 435,682	\$ 2,608,918	\$ 4,676,137	\$ 331,531	\$ 131,661	\$ -	\$ 463,192	\$ 5,139,329

See accompanying notes.

SMYAL Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services				Total
	Health and Wellness	Community Education	Youth Leadership Development	Transitional Housing	Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Supporting Services	
Salaries	\$ 649,943	\$ 220,638	\$ 175,130	\$ 1,360,436	\$ 2,406,147	\$ 51,662	\$ 51,662	\$ -	\$ 103,324	\$ 2,509,471
Payroll taxes	54,197	18,398	14,604	113,443	200,642	4,308	4,308	-	8,616	209,258
Employee benefits	78,101	26,513	21,045	163,478	289,137	6,208	6,208	-	12,416	301,553
Contracted services	14,810	52,091	14,811	-	81,712	85,739	34,850	-	120,589	202,301
Conferences and meetings	3,104	3,104	3,104	3,104	12,416	1,548	1,548	-	3,096	15,512
Occupancy	-	-	-	749,812	749,812	-	-	-	-	749,812
Office and other supplies	9,664	9,664	9,664	9,664	38,656	4,832	6,567	-	11,399	50,055
Printing and copying	106	106	106	106	424	54	53	-	107	531
Postage and delivery	13	13	13	13	52	8	7	-	15	67
Telephone	3,691	3,691	3,691	3,691	14,764	1,845	1,845	-	3,690	18,454
Equipment rental	3,818	3,818	3,818	3,818	15,272	1,910	1,911	-	3,821	19,093
Bank fees	-	-	-	1,199	1,199	-	-	-	-	1,199
Dues and subscriptions	708	708	708	708	2,832	354	354	-	708	3,540
Travel	1,636	1,636	1,636	1,636	6,544	817	817	-	1,634	8,178
Depreciation and amortization	4,008	4,008	4,008	4,008	16,032	2,005	2,005	-	4,010	20,042
Marketing	15,705	15,705	15,705	15,705	62,820	7,852	7,852	-	15,704	78,524
Information technology	5,084	5,084	5,084	5,084	20,336	2,542	2,542	-	5,084	25,420
Interest	-	-	-	-	-	1,786	-	-	1,786	1,786
Insurance	7,859	7,859	7,859	7,859	31,436	3,930	3,930	-	7,860	39,296
Payroll fees	-	-	-	-	-	4,972	-	-	4,972	4,972
Program supplies	74,383	30,443	24,013	258,294	387,133	-	-	-	-	387,133
Professional fees	-	-	-	-	-	150,476	-	-	150,476	150,476
Fall brunch	-	-	-	-	-	-	-	214,176	214,176	214,176
Repair and maintenance	2,886	2,886	2,886	2,886	11,544	1,443	1,442	-	2,885	14,429
Licenses and permits	83	83	83	83	332	41	40	-	81	413
Utilities	1,143	1,143	1,143	75,960	79,389	572	571	-	1,143	80,532
Advocacy	-	26,087	-	-	26,087	-	-	-	-	26,087
Scholarships	-	-	29,400	-	29,400	-	-	-	-	29,400
Total Functional Expenses	930,942	433,678	338,511	2,780,987	4,484,118	334,904	128,512	214,176	677,592	5,161,710
Less: direct benefit to donors	-	-	-	-	-	-	-	(214,176)	(214,176)	(214,176)
Total Expenses	\$ 930,942	\$ 433,678	\$ 338,511	\$ 2,780,987	\$ 4,484,118	\$ 334,904	\$ 128,512	\$ -	\$ 463,416	\$ 4,947,534

See accompanying notes.

SMYAL Inc.

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (24,193)	\$ 387,085
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	23,786	20,042
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(44,823)	(284,328)
Contributions receivable	200,000	(200,000)
Deposits	2,789	4,001
Right-of-use asset – operating lease – houses	359,904	673,274
Right-of-use asset – operating lease – copier	6,575	(27,063)
Increase (decrease) in:		
Accounts payable and accrued expenses	13,064	33,474
Refundable advances	(125,000)	(25,000)
Lease liability – operating lease – houses	(365,245)	(670,525)
Lease liability – operating lease – copier	(7,078)	29,072
Net cash provided by (used in) operating activities	39,779	(59,968)
Cash Flows from Investing Activities		
Purchases of property and equipment	(35,657)	(3,830)
Purchase of intangible assets	(15,397)	-
Net cash used in investing activities	(51,054)	(3,830)
Cash Flows from Financing Activity		
Principal payments under mortgage payable	-	(115,296)
Net cash used in financing activity	-	(115,296)
Net Decrease in Cash and Cash Equivalents	(11,275)	(179,094)
Cash and Cash Equivalents, beginning of year	1,580,337	1,759,431
Cash and Cash Equivalents, end of year	\$ 1,569,062	\$ 1,580,337
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 9,590	\$ 1,786

See accompanying notes.

SMYAL Inc.

Notes to Financial Statements
December 31, 2024 and 2023

1. Nature of Operations

SMYAL Inc. (SMYAL), formerly known as Supporting and Mentoring Youth Advocates and Leaders, was incorporated under the laws of the District of Columbia on August 16, 1984, as a 501(c)(3) not-for-profit corporation dedicated to the health and well-being of all lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth. SMYAL's mission is to support LGBTQ youth in the Washington, D.C. metropolitan region. Through youth leadership, SMYAL creates opportunities for LGBTQ youth to build self-confidence, develop critical life skills, and engage their peers and community through service and advocacy. Committed to social change, SMYAL builds, sustains, and advocates for programs, policies, and services that LGBTQ youth need as they grow into adulthood. SMYAL funds its programs and supporting services primarily through individual contributions, foundation grants, corporate support, and government grants.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

SMYAL's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve fund and an infrastructure fund.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

SMYAL considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

SMYAL Inc.

Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to SMYAL for expenses incurred under government grant agreements. All grants receivable is expected to be collected within one year and are recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible.

Contributions Receivable

Contributions receivable represent amounts committed to SMYAL. Contributions receivable are reflected at either net realizable value or at net present value based on projected cash flows. All contributions receivable are expected to be collected within one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for uncollectible contributions receivable has been established as all amounts are deemed fully collectible.

Intangible Assets

Intangible assets are recorded and measured at cost. The capitalized value is amortized on a straight-line basis over the projected useful life of three years. Intangible assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using undiscounted cash flows. No impairment loss was recognized for both years ended December 31, 2024 and 2023.

Property and Equipment

Property and equipment purchased at a cost of \$1,000 or more and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation on furniture and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. The building is being depreciated on the straight-line basis over 45 years, and building improvements are amortized over their estimated useful lives, which range from five to 30 years. Expenditures for major repairs and improvements are capitalized.

SMYAL Inc.

Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Leases

SMYAL determines if an arrangement is a lease at inception. Operating lease is included in the right-of-use (ROU) assets, which represent SMYAL's right to use an underlying asset for the lease term, and lease liabilities represent SMYAL's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As SMYAL's leases do not provide an implicit rate, SMYAL used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. SMYAL does not apply the recognition requirements under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, to short-term leases, which are leases with terms of a year or less.

The ROU assets also include any lease payments made and exclude lease incentives. SMYAL's lease terms may include options to extend or terminate the lease when it is reasonably certain that SMYAL will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Refundable Advances

Grant receipts that are in excess of matching grant expenses for the year are recognized as refundable advances in the accompanying statements of financial position.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

SMYAL recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. SMYAL reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated funds to one of SMYAL's programs or to a future year. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

SMYAL Inc.

Notes to Financial Statements
December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for in Accordance with Contribution Accounting (continued)

A portion of SMYAL's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SMYAL has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when SMYAL satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration SMYAL expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, SMYAL combines it with other performance obligations until a distinct bundle of goods or services exists.

Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, SMYAL recognizes revenue as follows:

Special event revenue, other than contributions, applicable to the current fiscal year are recognized as revenue in the year the special event takes place, which is when the sole performance obligation is satisfied.

Training revenue is recognized at the time of the training, which is when the sole performance obligation is satisfied.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, SMYAL has evaluated events and transactions for potential recognition or disclosure through September 16, 2025, the date the financial statements were available to be issued.

3. Liquidity and Availability

SMYAL strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews SMYAL's liquid asset needs and adjusts the cash balances as necessary. Amounts in excess of operating liquidity needs are invested in cash equivalents. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2024	2023
Cash and cash equivalents	\$ 1,569,062	\$ 1,580,337
Grants receivable	732,864	688,041
Contributions receivable	-	200,000
Total financial assets	2,301,926	2,468,378
Less: Board-designated funds	(820,000)	(770,000)
Less: restricted by donors	-	(200,000)
Total available for general expenditures	<u>\$ 1,481,926</u>	<u>\$ 1,498,378</u>

The Board-designated funds are not subject to an annual spending rate. Although SMYAL does not intend to spend from the Board-designated funds, other than amounts appropriate for general expenditures as part of SMYAL's annual budget approval, these amounts could be made available through Board approval if necessary.

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject SMYAL to significant concentrations of credit risk consist of cash and cash equivalents. SMYAL maintains various cash deposit and transaction accounts with financial institutions, and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). SMYAL has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the years ended December 31, 2024 and 2023, 58% and 52%, respectively, of SMYAL's revenue and support was provided by government grants. Any significant reduction in revenue and support may adversely impact SMYAL's financial position and operations.

5. Intangible Assets

Net intangible assets consist of the following at December 31:

	2024	2023
Website	\$ 43,425	\$ 28,028
Less: accumulated amortization	<u>(30,594)</u>	<u>(25,856)</u>
Intangible assets, net	<u>\$ 12,831</u>	<u>\$ 2,172</u>

Amortization expense for each year of the estimated remaining lives is estimated to be as follows for the years ending December 31:

2025	\$ 5,133
2026	5,133
2027	<u>2,565</u>
Future estimated amortization	<u>\$ 12,831</u>

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2024	2023
Building	\$ 315,964	\$ 315,964
Building improvements	122,639	122,639
Furniture and equipment	133,377	97,720
Total property and equipment	571,980	536,323
Less: accumulated depreciation and amortization	(368,326)	(349,278)
Property and equipment, net	<u>\$ 203,654</u>	<u>\$ 187,045</u>

7. Mortgage Payable

In July 2013, SMYAL refinanced its mortgage for its face value at the date of the refinance, at a 4.42% interest rate with monthly payments of \$2,158 and a final payment of all unpaid principal and interest due on the maturity date of July 17, 2018. In 2017, the maturity date was further extended to October 13, 2018.

In October 2018, SMYAL refinanced its mortgage for its face value at the date of the refinance, at a 6.75% interest rate with monthly payments of \$2,008 and a final payment of all unpaid principal and interest due on the maturity date of October 13, 2028. The mortgage is secured by real property.

In January 2023, SMYAL fully paid off this mortgage.

8. Commitment and Contingencies

Operating Leases

House Leases

SMYAL leases four residential properties in Washington, D.C. that are used for the Transitional Housing program. These units are, in turn, utilized to provide temporary housing assistance in fulfillment of program objectives.

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

8. Commitment and Contingencies (continued)

Operating Leases (continued)

House Leases (continued)

All leases are operating leases. One property lease expired on December 31, 2023, and was not renewed. As of December 31, 2024, two of the properties were under month-to-month arrangements, and one lease had expired on September 1, 2024, but continued on a month-to month basis thereafter. Subsequent to year end, in August 2025, this latter agreement was amended to extend the lease for a two-year period commencing September 1, 2025 and expiring August 31, 2027.

Monthly rental payments for these leases range from \$8,800 to \$15,735. There were no ROU assets or lease liabilities related to the house leases recorded in the accompanying statements of financial position at December 31, 2024.

Supplemental qualitative information related to SMYAL's house leases was as follows at December 31:

	2024	2023
Operating lease cost	\$ 305,698	\$ 508,183
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 185,157	\$ 508,131
ROU asset obtained in exchange for new lease obligations	\$ -	\$ 359,904
Remaining lease term (in years)	-	1.40
Discount rate	1.76%	1.76%

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

8. Commitment and Contingencies (continued)

Operating Leases (continued)

House Leases (continued)

Future minimum lease payments under SMYAL's house leases are as follows for the years ending December 31:

2025	\$	62,949
2026		190,736
2027		<u>129,675</u>
Total undiscounted future cash flows	\$	<u><u>383,360</u></u>

Copier Lease

SMYAL leases a copier under the terms of an operating lease which commenced on January 1, 2023 and expires on December 31, 2027. The terms of the lease call for monthly payments of \$628.

Supplemental qualitative information related to SMYAL's copier lease is as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 7,030	\$ 7,030
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 7,532	\$ 5,021
ROU asset obtained in exchange for lease obligations	\$ -	\$ 27,063
Remaining lease term (in years)	3.00	4.00
Discount rate	1.76%	1.76%

SMYAL Inc.

Notes to Financial Statements
December 31, 2024 and 2023

8. Commitment and Contingencies (continued)

Operating Leases (continued)

Copier Lease (continued)

Future minimum lease payments under SMYAL's copier lease are as follows for the years ending December 31:

2025	\$	7,532
2026		7,532
2027		<u>7,532</u>
Total minimum lease payments		22,596
Less: discount to present value at 1.76%		<u>(602)</u>
Total lease liability – operating lease – copier	\$	<u><u>21,994</u></u>

Government Cooperative Agreements and Grants

Funds that SMYAL receives from various U.S. state and local government agencies are subject to audit under the provisions of the cooperative agreements. The ultimate determination of amounts received under the cooperative agreements and grants is based upon the allowance of costs reported to, and accepted by, the oversight agencies. Until such cooperative agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

9. Line of Credit

SMYAL maintains a \$350,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand. The line of credit requires payments of interest on a monthly basis at 4.25%. SMYAL did not have an outstanding balance on this line of credit at both December 31, 2024 and 2023.

10. Retirement Plan

SMYAL maintains a simple individual retirement plan and contributes 2% of the employee's salary for all eligible employees. Employees may contribute up to the maximum amount allowable by law. Total retirement plan expenses were \$31,785 and \$29,042 for the years ended December 31, 2024 and 2023, respectively.

SMYAL Inc.

Notes to Financial Statements December 31, 2024 and 2023

11. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All costs incurred directly for a certain function or program are coded directly or split among those activities. Expenses that are allocated include salaries, employee benefits, payroll taxes, meeting and travel, information technology, office expenses, and other, which are allocated on the basis of estimates of time and effort.

12. Income Taxes

SMYAL is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2024 and 2023, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to SMYAL are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated SMYAL's tax positions and concluded that SMYAL's financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
SMYAL Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SMYAL Inc. (SMYAL), which comprise the statement of financial position as of December 31, 2024; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated September 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SMYAL’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SMYAL’s internal control. Accordingly, we do not express an opinion on the effectiveness of SMYAL’s internal control.

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

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SMYAL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Rogers & Company PLLC in black ink.

Vienna, Virginia
September 16, 2025

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

To the Board of Directors of
SMYAL Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SMYAL Inc.'s (SMYAL) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of SMYAL's major federal programs for the year ended December 31, 2024. SMYAL's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SMYAL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SMYAL and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of SMYAL's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SMYAL's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SMYAL's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SMYAL's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 SMYAL's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SMYAL's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SMYAL's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being integrated into the flow of the text.

Vienna, Virginia
September 16, 2025

SMYAL Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass- Through Grant Number	Amount Paid to Subrecipients	Total Federal Expenditures
Department of Homeland Security				
<i>Direct Award:</i>				
Targeted Violence and Terrorism Prevention Grant Program	97.132	EMW-2023-GR-00142-S01	\$ -	\$ 298,822
Total Department of Homeland Security			-	298,822
Department Of Housing and Urban Development				
<i>Pass-Through Award from The Community Partnership for the Prevention of Homelessness:</i>				
Continuum of Care (CoC) program	14.267	DC0117Y3G002201	-	536,541
Total Department of Housing and Urban Development			-	536,541
Total Expenditures of Federal Awards			\$ -	\$ 835,363

See accompanying notes to the schedule of expenditures of federal awards.

SMYAL Inc.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of SMYAL under the programs of the federal government for the year ended December 31, 2024. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of SMYAL, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of SMYAL.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

SMYAL has elected to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

4. Reconciliation to Financial Statements

Reconciliation between federal expenditures per the SEFA, and government grants per the accompanying statement of activities for the year ended December 31, 2024, is as follows:

Federal expenditures per the schedule of expenditures of federal awards	\$ 835,363
Add: non-federal grants	<u>2,138,256</u>
Government grants per statement of activities	<u><u>\$ 2,973,619</u></u>

SMYAL Inc.

Notes to the Schedule of Expenditures of Federal Awards (continued) For the Year Ended December 31, 2024

5. Non-Low Risk Auditee

In order to qualify as a low-risk auditee, SMYAL must meet the conditions set by the Uniform Guidance for each of the preceding two audit periods.

SMYAL did not require the Uniform Guidance audit for the year ended December 31, 2023 since the total expenditures of federal awards were below the Uniform Guidance threshold of \$750,000 for the year then ended. Therefore, SMYAL did not qualify as a low-risk auditee for the year ended December 31, 2024 since the Uniform Guidance audit was not performed for each of the preceding two audit periods.

SMYAL Inc.

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
14.267	Continuum of Care (CoC) program

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

Auditee qualified as low-risk auditee? _____ Yes X No

SMYAL Inc.

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2024

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2024 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the 2024 audit.

SMYAL Inc.

Corrective Action Plan
For the Year Ended December 31, 2024

There were no findings for the year ended December 31, 2024, and therefore, a corrective action plan was not needed.

SMYAL Inc.

Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

SMYAL did not qualify for the Uniform Guidance audit in 2023.