ASSURANCE DIMENSIONS

Consolidated Financial Statements, Supplemental Information and Regulatory Reports

Housing for Homeless, Inc.

December 31, 2022

Housing for Homeless, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Housing for Homeless, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Housing for Homeless, Inc. (the "Organization"), a not-for-profit organization, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, consolidated cash flows and consolidated functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

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

ASSURANCE DIMENSIONS CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES
also d/b/a McNAMARA and ASSOCIATES, PLLC
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- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 August 9, 2023, on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

Assurance Dimensions

Orlando, Florida
August 9, 2023

Housing for Homeless, Inc.
Consolidated Statement of Financial Position
As of December 31, 2022

Assets		
Current assets		
Cash - unrestricted	$	239,690
Cash - restricted		52,295
Grants receivable, net		78,272
Tenant security deposits		17,534
Other assets		4,355
Total current assets		392,146
Property and equipment, net		3,777,920
Total assets	$	4,170,066
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$	68,141
Security deposits		52,295
Current portion of notes payable		25,690
Deferred revenues		1,521
Total current liabilities		147,647
Long term liabilities		
Long-term portion of notes payable		29,970
Total long term liabilities		29,970
Total liabilities		177,617
Net assets		
Without donor restrictions		67,559
With donor restrictions		3,924,890
Total net assets		3,992,449
Total liabilities and net assets	$	4,170,066

The accompanying notes are an integral part of this consolidated financial statement.

Housing for Homeless, Inc.
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Federal grants	$ 1,028,981	$ -	$ 1,028,981
Program income - rent	563,840	-	563,840
Contributions	34,673	-	34,673
Other grants	142,763	-	142,763
Net assets released from restrictions	17,750	(17,750)	-
Total support and revenue	1,788,007	(17,750)	1,770,257
Expenses			
Program services	1,786,844	-	1,786,844
Management and general	302,503	-	302,503
Total expenses	2,089,347	-	2,089,347
Other income			
Other income	12,971	-	12,971
Developer fees	162,642	-	162,642
Total other income	175,613	-	175,613
Change in net assets	(125,727)	(17,750)	(143,477)
Net assets at beginning of year	193,286	3,942,640	4,135,926
Net assets at end of year	$ 67,559	$ 3,924,890	$ 3,992,449

The accompanying notes are an integral part of this consolidated financial statement.

Housing for Homeless, Inc.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities:		
Change in net assets	$	(143,477)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		252,198
Bad debt expense		9,138
(Increase) decrease due to changes in:		
Accounts receivable		(9,138)
Grants receivable		3,420
Deposits		(2,223)
Other assets		(2,566)
Accounts payable and accrued liabilities		4,069
Security deposits		4,298
Deferred revenue		1,354
Net cash provided by operating activities		117,073
Cash flows from investment activities:		
Acquisition of property and equipment		(25,006)
Net cash used by investment activities		(25,006)
Cash flows from financing activities:		
Principal payments on notes payable		(25,690)
Net cash used by financing activities		(25,690)
Net increase in cash		66,377
Cash, beginning of period		225,608
Cash, end of period	$	291,985
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	$	1,866
As Presented in the Accompanying Statement of Financial Position		
Cash and cash equivalents - unrestricted	$	239,690
Cash and cash equivalents - restricted		52,295
	$	291,985

The accompanying notes are an integral part of this consolidated financial statement.

Housing for Homeless, Inc.
Consolidated Statement of Functional Expenses
For The Year Ended December 31, 2022

	Program Services	Management and General	Total
Expenses			
Salaries	$ 508,886	$ 145,479	$ 654,365
Support services to clients	533,247	-	533,247
Office expense	80,257	65,219	145,476
Contract labor	126,088	7,424	133,512
Employee benefits	93,716	34,170	127,886
Insurance	84,997	5,599	90,596
Payroll taxes	55,347	16,675	72,022
Travel	28,234	-	28,234
Taxes and licenses	17,449	-	17,449
Occupancy	9,429	4,046	13,475
Interest	8,034	-	8,034
Bad debt expense	9,138	-	9,138
Conferences and training	-	3,715	3,715
Other expenses			
Total expenses before depreciation	1,554,822	282,327	1,837,149
Depreciation	232,022	20,176	252,198
Total expenses	$ 1,786,844	$ 302,503	$ 2,089,347

The accompanying notes are an integral part of this consolidated financial statement.

Note A – Nature of Business and Organization

The Housing for Homeless, Inc. (the "Organization") was incorporated on August 22, 1989. The Organization is a nonprofit agency organized for the betterment of all persons by providing for and addressing the needs of the hungry and homeless. The Organization sponsors the When In Need (WIN) program and provides housing and intensive case management services to homeless persons throughout Brevard County, Florida. Supportive services are provided under this program, or through existing community resources, to ensure participants become as self-sufficient as possible. The Organization owned and/or operated 90 units of traditional and permanent housing in 2022 for extremely low-income and homeless individuals and families. The Organization's primary revenue sources are governmental funding and program fees.

HFH Orchid Lake Developer, LLC ("HFH OLD") was incorporated on May 25, 2022 to facilitate the new Orchid Lake project and resulting transactions associated with it. HFH Orchid Lake GP, LLC ("HFH OLGP") was incorporated on June 13, 2022 and will be used to manage HFH Orchid Lake Developer, LLC ("HFH OLD").

Note B – Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include Housing for Homeless, Inc., HFH Orchid Lake Developer, LLC ("HFH OLD") a non-for-profit entity, and HFH Orchid Lake GP, LLC ("HFH OLGP") a for profit entity. All transactions and balances have been eliminated on consolidation.

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies, and uses the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. The accompanying consolidated financial statements include the accounts of the Organization. The Organization required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restriction
- Net assets with donor restriction

Recently Issued Accounting Standards Adopted

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Organization has elected the package of practical expedients permitted in Accounting Standards Codification (ASC) 842. Accordingly, the Organization accounted for its existing operating leases as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC 842, (b) whether classification of the operating lease would be different in accordance with ASC 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC 842 at lease commencement. On January 1, 2022, the Organization does not have any leases that would meet the criteria to be recognized as a right of use asset as a result of the adoption of the new lease accounting guidance or a sales type lease under the new lessor accounting.

Note B – Significant Accounting Policies (continued)

Recently Issued Accounting Standards Adopted (continued)

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958).* The standard requires certain information be disclosed related to contributed nonfinancial assets, including disaggregation by category on the consolidated statement of activities by type of contributed nonfinancial asset, qualitative information about whether the contributed nonfinancial asset was monetized or utilized during the reporting period, the nonprofit's policy about monetizing rather than utilizing the contributed nonfinancial assets, a description of any donor restrictions associated with the contributed nonfinancial assets, and the valuation techniques and inputs used to arrive at fair value measurement. The amendments in the ASU should be applied on a retrospective basis and are effective for the annual reporting period beginning after June 15, 2021. Early adoption of the ASU is permitted. The Organization adopted ASU 202-07 effective January 1, 2022 and did not have a significant impact on the consolidated financial statements.

Cash and Restricted Cash

For the purposes of reporting cash flows, cash and cash equivalents are considered highly liquid investments with an initial maturity of three months or less. Restricted cash of approximately $54,000 consists of security deposits. The Organization maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250,000 per depositor. As of December 31, 2022, cash balances exceeded FDIC insurance limits by approximately $90,000. The Organization has not experienced any losses in such accounts and does not believe that it is exposed to significant risks from excess deposits.

Grants Receivable

The Organization records receivables for grants and program service fees when incurred. Accounts receivable for program service fees are stated net of an allowance for doubtful accounts. The Organization reviews the tenant accounts regularly and estimates the allowance based on analysis of specific tenants, taking into consideration the age of past due accounts and an assessment of the tenants ability to pay. There was no allowance recorded for the year ended December 31, 2022, based on management's estimate of collectability of outstanding accounts receivable. The Organization considers grants receivable to be fully collectible. Accordingly, an allowance for doubtful accounts for grants receivable was not required. During the year ended December 31, 2022 the Organization recorded a bad debt recovery credit of approximately $3,000, on the accompanying consolidated statement of functional expenses.

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.
>
> *Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Note B – Significant Accounting Policies (continued)

Fair Value Measurement (continued)

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has not elected to measure any existing financial instruments at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The carrying amounts of cash and cash equivalents, accounts and grants receivable, accounts payable, accrued liabilities, and notes payable are equal to their carrying amounts as presented in the accompanying consolidated statement of financial position.

Deposits

Deposits consist of amounts paid related to lease agreements and utilities.

Property and Equipment, Net

The Organization capitalizes property and equipment with a value in excess of $5,000 and useful life greater than one year. Property with the cost of less than $5,000 are expensed when purchased. Property and equipment is carried at cost, or, if donated, at the approximate fair value at the date of donation

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Asset	Estimated useful lives
Buildings	20-39 years
Furniture and equipment	3-7 years

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2022
Financial assets:	
Cash and cash equivalents	$ 291,985
Grants receivable, net	80,283
Accounts receivable, net	9,708
Total financial assets	381,976
Less: financial assets not available within one year	(53,545)
	$ 328,431

Not included are long term assets in property and equipment, most of which are restricted for specific use through forgivable mortgages or grants as discussed in Note G. The properties are utilized in the Organization's programs which are mainly funded by federal government programs and program rental income. Most of these programs are paid on a reimbursement basis and some based on a per diem. The Organization also has a committed line of credit in the amount of $100,000 (See Note D), with an available balance of approximately $100,000 as of December 31, 2022, which it could draw upon in the event of an unanticipated liquidity need.

Note B – Significant Accounting Policies (continued)

Tenant Security Deposits

Tenant security deposits consist of amounts received from tenants related to lease agreements.

Revenue Recognition

All revenues and support are recorded in accordance with either ASC 958, *Not-for- Profit Entities* as contributions with or without donor restrictions or in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

Program Revenue and Support – Contributions received are recorded as with or without donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction. When a 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 consolidated statements of activities as net assets released from restrictions.

Donated Services – Services, where specialized skills are required, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Those services are recorded at values consistent with the amounts which would be paid to salaried personnel for similar services.

Program Income Rent – This consists primarily of rental income from clients living in residential units maintained for homeless people by the Organization. Rental rates are determined based on household income and ability to pay. Leases are up to 12 months in length and align with the fiscal year end. Under ASC 842 the Organization has taken advantage of the practical expedient and classified these leases as operating leases, with the revenue being recorded on a monthly basis as rent is paid.

Federal and other grant awards are classified as net assets with donor restrictions until expended for the purposes of the grants. As the services are provided by the Organization, and as grant milestones are met, revenue will be recognized.

Deferred Revenue – consists of program income rent paid in advance for multiple months' rent. There was no deferred revenue balance at December 31, 2021. During the year ended December 31, 2022, approximately $0 of deferred revenue was recognized. Deferred revenue as of December 31, 2022, was approximately $2,000.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated back to the departments
- Personnel expenses are allocated on the basis of direct salaries
- Building and occupancy costs, including related depreciation, are allocated on the basis of revenue and square footage
- Depreciation on the furniture and equipment is allocated on the basis of usage of the property and equipment

Note B – Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Organization compares the carrying amount to estimated future net undiscounted cash flows expected to be generated by such assets. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. Management has determined that long-lived assets were not impaired at December 31, 2022.

Income Taxes

The Organization is exempt from income taxes under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3) and is classified as other than a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of December 31, 2022. Should the Organization's tax-exempt status be challenged in the future, the Organization's 2020, 2021, and 2022 tax years are open for examination by the IRS.

Estimates

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

Concentrations

For the year ended December 31, 2022, 49% of the Organization's revenues are from federal grantor agencies, respectively. For the year ended December 31, 2022, 66% percent of the Organization's grants receivables relate to grants from federal agencies. If these agencies were to reduce or terminate funding, the Organization would have a significant decrease in revenues.

Note C – Property and Equipment, Net

Property and equipment along with the related accumulated depreciation consist of the following for the year ended December 31, 2022:

Buildings and improvements	$	6,617,291
Land		638,069
Furniture and equipment		21,095
		7,276,455
Less: accumulated depreciation		(3,498,535)
Property and equipment, net	$	3,777,920

Depreciation expense for the year ended December 31, 2022 was approximately $252,000.

In October 2018, the Organization received notification from the property owner's association that it was in communications with the Florida Department of Transportation ("FDOT") on its intentions to utilize eminent domain right-of-way for a road expansion that would affect one of the Organization's properties. As of the date of this report the funding for this work is set for 2023, however, construction remained unfunded at this time. Management will continue to monitor the situation as it develops and determine any lasting impacts that this may have on the Organization.

Note D – Line of Credit

On March 28, 2014, the Organization entered into a line of credit agreement to borrow up to $100,000 at a 5.75% interest rate. The line of credit is collateralized by property and renews annually in March each year. As of December 31, 2022 the outstanding balance was $0.

Note E – Notes Payable

The note payable at December 31, 2022 consists of the following:

The Organization has an interest–free note payable for $256,897 with a nonprofit community development financial institution. The loan commenced on February 4, 2015 and matures on March 1, 2025. The monthly installments of principal are $2,141	$	55,660
Less: current portion		(25,690)
Long term notes payable	$	29,970

Future maturities of the note payable as of December 31:

2023	$	25,690
2024		25,690
2025		4,280
Total	$	55,660

The Organization was not charged interest expense related to the above note during the year ended December 31, 2022.

Note G – Net Assets With Donor Restrictions

As of December 31, 2022, the Organization had the following net assets with donor restrictions:

Buildings constructed with forgivable mortgage notes and land use restrictions	$ 3,924,890

In connection with grants received and the related construction and rehabilitation of 32 properties, the Organization executed several forgivable mortgage notes in the past with several agencies as listed below:

Brevard County	$ 3,024,890
Affordable Housing Program agreement with the Federal Home Loan Bank of Atlanta	500,000
U.S. Department of Housing and Urban Development (HUD)	400,000
	$ 3,924,890

Note G – Net Assets With Donor Restrictions (continued)

The forgivable notes provide for full repayment of the principal only in the event of default under the deed and use restrictions placed upon the properties. The restrictions require that the properties be used solely as rental housing for low-income households for periods ranging from 10 to 35 years. Since the Organization must operate the buildings for a specified purpose for a stated period of time, the grant funds are recorded as net assets with donor restrictions and will be released into without donor restrictions in total or ratably over the period of the agreement, as stipulated in the land use restriction agreements from 2020 through 2043. At December 31, 2022, the combined notes on the 32 properties had unexpired balances totaling $3,960,000, respectively. As of December 31, 2022, the Organization has not recognized a liability for the notes, as management does not expect to default under the deed and use restrictions placed upon the related properties.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended December 31, 2022 related to release of forgivable mortgage note restrictions of $17,750.

Note H – Operating Leases

The Organization leased residential apartment units and single-family homes as the lessee under operating leases expiring at various times through 2022. Organization leases space at several office locations throughout the United States under month-to-month agreements which can be cancelled at the Organization's discretion. The Organization's leases were for 21 properties located in Brevard County, Florida. Lease expense for these units during the year ended December 31, 2022, was approximately $252,000 and is included on the consolidated statement of functional expenses in the line item support services to clients. The leases have stated monthly rental amounts, one of which contains escalation clauses. The Organization was responsible for making alterations or improvements to the properties, with approval of the lessor, and for making payments for maintenance, utilities and other assessments against the properties.

In addition to the property that the Organization owns, the Organization leased and subleased properties and received income as the lessor in the amount of approximately $564,000 during the year ended December 31, 2022.

The Organization is party to an operating lease for office space. The initial 60-month term of the lease matured on July 31, 2015, at which point a 60-month renewal option was exercised by the organization. A further extension of 24 months beginning December 1, 2020 to November 30, 2022 was agreed with a monthly rent of approximately $3,700, with an annual escalation of 3.00% during the year ended December 31, 2022, rent was payable monthly at a rate of approximately $4,500. Effective December 1, 203 the lease was amended to be month-to-month with a monthly rent of approximately $4,000.

Note I – Retirement Plan

The Organization offers a retirement plan open to all employees after 90 days of employment. The Organization will make matching contributions to the Plan for up to 3.00% of employee salaries. Employee contributions and matching contributions are vested immediately. Contributions to the Plan during the year ended December 31, 2022, was approximately $13,000.

Note J – Orchid Lake Project

During the year ended December 31, 2022 the Orgnisation entered into a memoradum of understanding with Housing Trust Group, LLC ("HTG") for HTG to apply for and pursue an allocation of low income housing tax credits and other funding sources from Florida Housing Finance Corporation ("FHFC") and local municipalities, whilst utilizing the Organization's expertise in the housing of homeless persons and homeless assistance continuum of care requirements. This is to be known as the Orchid Lake Project ("Project").

As part of the Organization's participation in the Project the Organization formed two entites: HFH Orchid Lake Developer, LLC ("HFH OLD"), a not-for-profit entity wholly owned by Housing for Homeless, Inc., in order to faciliate the receipt of the developer fee of which HFH OLD would receive 25% of the total fee, and HFH Orchid Lake GP, LLC ("HFH OLGP"), a for profit entity wholly owned by Housing for Homeless, Inc., to act as the management company of the Project.

During the year ended December 31, 2022, the Organization received developers fee revenue of approximately $163,000, including interest income, from HTG, which is recorded on the accompanying consolidated statement of changes in net assets. The Organization also incurred approximately $101,000 of expenses related to time spent working on the Project.

Note K – Subsequent Events

Management has assessed subsequent events through August 9, 2023, the date on which the consolidated financial statements were available to be issued.

Supplemental Information

Housing for Homeless, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2022

Federal and State Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
U.S. Department of Housing and Urban Development				
Permanent Housing 1	14.235	FL0147L4H132013	$ 397,249	$ -
Permanent Housing : RRH	14.235	FL0793L4H132001	25,342	-
Total U.S. Department of Housing and Urban Development			422,591	-
U.S Department of Veterans Affairs				
Homeless Providers Grant Per Diem Program	64.024	HFH1409-1361-75-PD-21	468,742	-
Homeless Providers Grant Case Management	64.024	HFH1409-1072-675-CM-20	61,854	-
Total U.S Department of Veterans Affairs			530,596	-
U.S Department of Homeland Security				
United Way WIN Housing	97.024	No contract number	20,125	-
United Way WIN Vet	97.024	No contract number	18,875	-
Total U.S Department of Homeland Security			39,000	-
U.S Department of Health and Human Services				
Department of Children & Families				
Emergency Solutions Grant	14.231	GPZ48 FY22 HFH	36,794	-
Total U.S Department of Health and Human Services			36,794	-
Total Expenditures of Federal Awards			$ 1,028,981	$ -

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal programs administered by Housing for Homeless, Inc. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Housing for Homeless, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Contingencies

The federal programs shown in the Schedule of expenditures of federal awards are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowable expenditures, and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Housing for Homeless, 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 consolidated financial statements of Housing for Homeless, Inc. (the "Organization"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 9, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing for Homeless, Inc.'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 consolidated 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.

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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 determination of consolidated financial statement amounts. 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*.

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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.

Assurance Dimensions

Orlando, Florida
August 9, 2023

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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
Housing for Homeless, Inc.

Opinion on Each Major Federal Program

We have audited Housing for Homeless, Inc.'s (the "Organization"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2022.

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 the Organization 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

Assurance Dimensions

Orlando, Florida
August 9, 2023

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Section 1 – Summary of Auditor's Results

Consolidated Financial Statements	Results
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to consolidated financial statements noted?	No

	Federal Awards
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified not considered to be a material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance.	No

Identification of Major Federal Programs:

Assistance Listing Number	Name of Federal Program
	U.S. Department of Housing and Urban Development
14.235	Supportive Housing Program
	U.S. Department of Veterans Affairs
64.024	Homeless Providers Grant Per Diem Program

	Federal Awards
Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section 2 – Consolidated Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the consolidated financial statements for which *Government Auditing Standards* requires a reporting in a Uniform Guidance audit.

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance as well as any abuse findings involving federal awards that is material to a major program. There were no instances of abuse found as a result of our audit procedure.