

Strategies to End Homelessness, Inc.

**Financial Statements with Supplementary Information
December 31, 2022 and 2021, and
Independent Auditors' Report**

Strategies to End Homelessness, Inc.
December 31, 2022 and 2021

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 17
Supplementary Information:	
Schedule of Expenditures of Federal Awards	18 - 19
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20 - 21
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	22 - 24
Schedule of Findings and Questioned Costs	25
Summary Schedule of Prior Audit Findings	26

Independent Auditors' Report

To the Board of Directors
Strategies to End Homelessness, Inc.
Cincinnati, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Strategies to End Homelessness, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and 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 present fairly, in all material respects, the financial position of Strategies to End Homelessness, Inc. as of December 31, 2022 and 2021, 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 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 Financial Statements section of our report. We are required to be independent of the Strategies to End Homelessness, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Strategies to End Homelessness, Inc.'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 generally accepted audited standards and Government Auditing Standards will always detect a material misstatement when it exists.

**Independent Auditors' Report
(Continued)**

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

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 generally accepted auditing standards 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 Strategies to End Homelessness, Inc.'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 Strategies to End Homelessness, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Independent Auditors' Report
(Continued)**

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2023 on our consideration of Strategies to End Homelessness, Inc.'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 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 Strategies to End Homelessness, Inc.'s internal control over financial reporting and compliance.

Barnes, Dennig & Co., Ltd.

June 20, 2023
Cincinnati, Ohio

Strategies to End Homelessness, Inc.

**Statements of Financial Position
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 6,327,814	\$ 1,295,644
Grants receivable	4,595,280	5,090,102
Contributions receivable	78,719	226,668
Other assets	23,563	17,136
Right of use asset, net - operating lease	174,938	-
Property and equipment, net	2,894	4,583
Total assets	<u>\$ 11,203,208</u>	<u>\$ 6,634,133</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 4,179,724	\$ 4,448,919
Accrued expenses	150,427	183,858
Lease liability - operating lease	175,426	-
Refundable advances	313,200	268,296
Total liabilities	<u>4,818,777</u>	<u>4,901,073</u>
 Net Assets		
Without donor restrictions	1,146,208	1,082,864
With donor restrictions	5,238,223	650,196
Total net assets	<u>6,384,431</u>	<u>1,733,060</u>
Total liabilities and net assets	<u>\$ 11,203,208</u>	<u>\$ 6,634,133</u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

**Statement of Activities
Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Government grants	\$ 31,296,081	\$ -	\$ 31,296,081
Foundation grants	194,417	5,000,000	5,194,417
Agency fees	117,581	-	117,581
Contributions	39,685	208,948	248,633
Donated services and materials	9,650	-	9,650
Other income	229,949	-	229,949
Released from restrictions	<u>620,921</u>	<u>(620,921)</u>	<u>-</u>
Total revenues	<u>32,508,284</u>	<u>4,588,027</u>	<u>37,096,311</u>
Expenses			
Program	31,557,167	-	31,557,167
Management & general	648,971	-	648,971
Fundraising	<u>238,802</u>	<u>-</u>	<u>238,802</u>
Total expenses	<u>32,444,940</u>	<u>-</u>	<u>32,444,940</u>
Change in net assets	63,344	4,588,027	4,651,371
Net assets, beginning of year	<u>1,082,864</u>	<u>650,196</u>	<u>1,733,060</u>
Net assets, end of year	<u>\$ 1,146,208</u>	<u>\$ 5,238,223</u>	<u>\$ 6,384,431</u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Government grants	\$ 35,148,238	\$ -	\$ 35,148,238
Foundation grants	-	634,300	634,300
Agency fees	117,913	-	117,913
Contributions	145,500	180,400	325,900
Donated materials	5,280	-	5,280
Other income	210,728	-	210,728
Released from restrictions	<u>788,591</u>	<u>(788,591)</u>	<u>-</u>
 Total revenues	 <u>36,416,250</u>	 <u>26,109</u>	 <u>36,442,359</u>
Expenses			
Program	35,562,538	-	35,562,538
Management & general	522,940	-	522,940
Fundraising	<u>223,982</u>	<u>-</u>	<u>223,982</u>
 Total expenses	 <u>36,309,460</u>	 <u>-</u>	 <u>36,309,460</u>
 Change in net assets	 106,790	 26,109	 132,899
 Net assets, beginning of year	 <u>976,074</u>	 <u>624,087</u>	 <u>1,600,161</u>
 Net assets, end of year	 <u>\$ 1,082,864</u>	 <u>\$ 650,196</u>	 <u>\$ 1,733,060</u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

Statement of Functional Expenses Year Ended December 31, 2022

	Program							
	Homeless Management Information System	Shelter/ Housing	Coordinated Entry	Prevention	Total	Management & General	Fundraising	Total
	System	Housing	Entry	Prevention	Total	& General	Fundraising	Total
Salaries	\$ 262,168	\$ 663,125	\$ 301,502	\$ 219,989	\$ 1,446,784	\$ 457,326	\$ 178,714	\$ 2,082,824
Fringe benefits	32,363	81,859	37,219	27,157	178,598	56,455	22,061	257,114
Payroll taxes	20,228	51,164	23,262	16,973	111,627	35,285	13,789	160,701
Contract Labor	6,519	16,488	7,496	5,471	35,974	11,368	4,443	51,785
	<u>321,277</u>	<u>812,635</u>	<u>369,479</u>	<u>269,589</u>	<u>1,772,983</u>	<u>560,434</u>	<u>219,007</u>	<u>2,552,424</u>
Total salaries and benefits								
Program expenses	-	27,549,416	1,248	1,956,088	29,506,752	-	-	29,506,752
Professional fees	121,559	29,018	21,959	8,207	180,743	53,089	4,092	237,924
Occupancy and telephone	8,971	23,556	20,702	10,160	63,389	15,580	5,209	84,178
Depreciation	112	296	149	87	644	100	63	807
Travel	2,544	1,501	-	4,640	8,685	1,135	200	10,020
Training and membership dues	1,392	3,665	54	32	5,143	2,925	799	8,867
Equipment and maintenance	1,264	4,554	2,409	3,236	11,463	2,373	736	14,572
Miscellaneous	55	114	352	676	1,197	6,944	1,536	9,677
Printing and postage	-	-	-	908	908	81	6,054	7,043
Supplies	148	420	279	778	1,625	430	616	2,671
Insurance	428	1,122	651	429	2,630	4,935	248	7,813
Meetings and seminars	71	757	115	62	1,005	945	242	2,192
	<u>\$ 457,821</u>	<u>\$ 28,427,054</u>	<u>\$ 417,397</u>	<u>\$ 2,254,892</u>	<u>\$ 31,557,167</u>	<u>\$ 648,971</u>	<u>\$ 238,802</u>	<u>\$ 32,444,940</u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

Statement of Functional Expenses Year Ended December 31, 2021

	Program					Management & General	Fundraising	Total
	Homeless Management Information System	Shelter/ Housing	Coordinated Entry	Prevention	Total			
Salaries	\$ 268,815	\$ 701,470	\$ 241,842	\$ 164,065	\$ 1,376,192	\$ 362,966	\$ 167,605	\$ 1,906,763
Fringe benefits	35,281	92,066	31,741	21,533	180,621	47,639	21,998	250,258
Payroll taxes	20,220	52,765	18,191	12,341	103,517	27,304	12,607	143,428
Contract Labor	7,519	19,619	6,764	4,589	38,491	10,149	4,687	53,327
Total salaries and benefits	331,835	865,920	298,538	202,528	1,698,821	448,058	206,897	2,353,776
Program expenses	-	31,909,526	127	1,623,810	33,533,463	-	-	33,533,463
Professional fees	122,154	63,604	25,688	6,877	218,323	43,965	2,346	264,634
Occupancy and telephone	9,461	26,104	12,548	6,154	54,267	12,994	5,547	72,808
Depreciation	112	429	149	87	777	100	63	940
Travel	2,182	266	2	4,839	7,289	50	78	7,417
Training and membership dues	2,004	11,321	52	108	13,485	1,505	924	15,914
Equipment and maintenance	3,663	10,007	6,078	4,030	23,778	4,970	2,153	30,901
Miscellaneous	5,368	372	55	1,054	6,849	6,653	1,595	15,097
Printing and postage	54	148	71	839	1,112	120	3,879	5,111
Supplies	116	336	153	385	990	175	67	1,232
Insurance	476	1,317	627	291	2,711	3,923	277	6,911
Meetings and seminars	63	495	81	34	673	427	156	1,256
	\$ 477,488	\$ 32,889,845	\$ 344,169	\$ 1,851,036	\$ 35,562,538	\$ 522,940	\$ 223,982	\$ 36,309,460

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

**Statements of Cash Flows
Years Ended December 31, 2022 and 2021**

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 4,651,371	\$ 132,899
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	807	940
Loss from sale of asset	882	2,070
Non-cash lease expense	488	-
Changes in:		
Grants receivable	494,822	(526,251)
Contributions receivable	147,949	3,055
Other assets	(6,427)	28,545
Accounts payable	(269,195)	448,898
Accrued expenses	(33,431)	44,016
Refundable advances	44,904	(638,744)
	5,032,170	(504,572)
Net cash provided by (used in) operating activities	5,032,170	(504,572)
Net change in cash and cash equivalents	5,032,170	(504,572)
Cash and cash equivalents, beginning of year	1,295,644	1,800,216
Cash and cash equivalents, end of year	\$ 6,327,814	\$ 1,295,644

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Strategies to End Homelessness, Inc. (the "Organization") was incorporated as a not-for-profit organization under the laws of the State of Ohio in October 2006. The Organization's mission is to assist homeless people through the effective stewardship of resources, and by facilitating community planning, design, and implementation of programs critical to ending homelessness within the City of Cincinnati and/or Hamilton County, Ohio. The Organization's purpose is to facilitate program designs within and among community non-profit organizations and service systems, administer funding, and support efforts within the City of Cincinnati and Hamilton County Ohio to address homelessness.

The Organization's revenue and other support are derived principally from contributions, federal grants, local public grants, state grants and program service fees. The Organization works with programs that serve homeless persons including: outreach programs, emergency shelter programs for singles and families, transitional housing programs, service-enriched permanent supportive housing programs, specialized services-only programs, and homelessness prevention.

Financial Statement Presentation

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consist of money market funds and short term investments. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination of impairment. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

Strategies to End Homelessness, Inc.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue with donor restrictions and then released from restriction.

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

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. The Organization has numerous grants for which the grantor agencies' promises to give are conditioned upon the Organization incurring certain qualifying expenses under the grant programs. At December 31, 2022 and 2021, these conditional promises to give totaled approximately \$19,307,000 and \$19,787,000, respectively. Many of these amounts are conditioned upon the grantor's availability of funds for the grant purpose in future years, mutual agreement to proceed with the grant project, and satisfactory performance under grant agreements. An allowance for bad debt was not considered necessary for contributions receivable at December 31, 2022 and 2021.

Securities that are gifted to the Organization are received into an investment account at the fair market value and recorded as a gift. The Organization has a policy that donated securities are sold within five business days upon receipt into the account.

Government Grants and Revenue Recognition

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Revenue from the agreements is recognized monthly in the amount of the expenses incurred, or billings made, up to the contract amount. Funds received in excess of qualified expenses incurred are recognized as refundable advances (liability). Qualified expenses incurred in excess of grant funds received are recognize as grants receivable (asset).

Income Taxes

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

Strategies to End Homelessness, Inc.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified based upon actual and direct expenditures and cost allocations. Expenses are allocated based upon time spent in different departments by the Organization's personnel. Salaries and wages are allocated based on actual time worked by department.

Use of Estimates

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

Leases

The Organization determines if an arrangement is a lease at inception. The Organization's operating lease is included in right-of-use (ROU) asset -operating lease and lease liability – operating lease on the statement of financial position.

The ROU asset represents the right to use an underlying asset for the lease term and the lease liability represents the obligation to make lease payments arising from the lease. Operating lease ROU assets and liability are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization also elected to apply the short-term lease exemption to all its classes of assets.

Strategies to End Homelessness, Inc.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. The most significant impact was the recognition of a ROU asset and lease liability for operating leases.

Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$226,088, which represented the present value of the remaining operating lease payments, and a right-of-use asset of \$226,088.

The Organization elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

During 2022, the Organization adopted FASB (Financial Accounting Standards Board) ASU (Accounting Standards Update) ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, valuation techniques and inputs used to arrive at a fair value measure, and descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets. The most significant impact of the adoption is expanded disclosures for contributed nonfinancial assets.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 presentation.

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through June 20, 2023, which is the date the financial statements were available to be issued.

Strategies to End Homelessness, Inc.

Notes to Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end*	\$ 11,001,813	\$ 6,611,394
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(9,592,501)</u>	<u>(5,070,229)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,409,312</u>	<u>\$ 1,541,165</u>

Strategies to End Homelessness is substantially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's cash management, the Organization tries to maintain at least three months worth of unrestricted cash and receivables for general expenditures. When calculating this amount, the Organization excludes amounts passed through to subrecipients as program expenses and discretionary expenditures. The Organization's average monthly expenses in 2022 and 2021 were approximately \$245,000 and \$231,000, respectively; Therefore, \$735,000 and \$694,000, respectively, is the minimum goal for on-hand cash or near-cash assets at December 31, 2022 and 2021, respectively. In addition, the Organization has access to a \$250,000 line of credit available to meet financial needs.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2022 and 2021 are all expected to be collected within one year.

NOTE 4 LINE OF CREDIT

The Organization has a \$250,000 line of credit agreement with a financial institution expiring in December 2023. For the years ended December 31, 2022 and 2021, \$-0- was borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest accrues at the prime rate plus 0.50% (8.00% at December 31, 2022) and is payable monthly.

Strategies to End Homelessness, Inc.

**Notes to Financial Statements
(Continued)**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	<u>2022</u>	<u>2021</u>
Restricted for specific purposes:		
Shelter/Housing	\$ 5,174,063	\$ 298,654
Prevention	7,500	231,526
COVID	4,544	20,999
Planning/Coordination	166	430
Restricted for future periods:	<u>51,950</u>	<u>98,587</u>
	<u>\$ 5,238,223</u>	<u>\$ 650,196</u>

NOTE 6 LEASES

The Organization has an operating lease for office space that terminates in February 2026. At the end of the lease term, the Organization shall vacate the facilities for the control to be returned to the lessor. There are no material variable lease costs associated with the Organization's lease.

The components of lease expense were as follows for the year ended December 31, 2022:

Operating lease expense	\$ 58,457
Short-term lease expense	4,470

Other information related to leases was as follows for the year ended December 31, 2022:

Operating cash flows	\$ 57,969
Weighted average remaining lease term in years	3.17
Weighted average discount rate	1.37%

Strategies to End Homelessness, Inc.

Notes to Financial Statements (Continued)

NOTE 6 LEASES (CONTINUED)

Future minimum lease payments under non-cancellable leases as of December 31, 2022 were:

2023	\$ 57,969
2024	58,817
2025	58,986
2026	<u>9,831</u>
Total future minimum lease payments	185,603
Less imputed interest	<u>(10,177)</u>
Total lease liability	<u>\$ 175,426</u>

Lease disclosures for the year ended December 31, 2021

As the Accounting Standard Codification (ASC) 842: Leases was adopted during 2022, the Organization is required to disclose information for 2021 in accordance with prior guidance under ASC 840, Leases. The Organization has various noncancelable operating agreements for office space and a copier expiring in various years through 2022. Expenses for these leases included in the statement of activities for the years ended December 31, 2021 was \$60,671.

Future annual minimum lease payments at December 31, 2021 were:

2022	\$ 60,899
2023	57,969
2024	58,817
2025	58,986
2026	<u>9,831</u>
	<u>\$ 246,502</u>

NOTE 7 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Approximately 75% and 86% of total revenue was funded through the U.S. Department of Housing and Urban Development in 2022 and 2021, respectively.

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives nonfinancial contributions that are recognized within revenues and expenses on the statement of activities. Contributed nonfinancial assets include contributed services and materials or office furnishings. Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions and are used in various programs and administrative departments of the Organization.

Strategies to End Homelessness, Inc.

**Notes to Financial Statements
(Continued)**

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed services are recognized at their estimated fair value if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. Contributed services comprise of time related to accounting services, which are valued at fair market value. The Organization recognized contributed services of \$4,850 and \$-0- in 2022 and 2021, respectively.

Contributed materials or office furnishings were recognized at their estimated fair value of the materials or office furnishings by reference to the price listed on the company's website. Contributed materials were utilized in both 2022 and 2021. The Organization recognized donated materials or office furnishings of \$4,800 and \$5,280 in 2022 and 2021, respectively.

SUPPLEMENTARY INFORMATION

Strategies to End Homelessness, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Passed through City of Cincinnati</i>				
Emergency Solutions Grant Program	14.231	05X2020-248	\$ 284,440	\$ 284,440
Emergency Solutions Grant Program	14.231	05X2020-187	589,437	589,437
COVID-19 Emergency Solutions Grant Program	14.231	05X2021-217	810,413	537,003
COVID-19 Emergency Solutions Grant Program	14.231	05X2021-217	6,953	-
<i>Passed through Hamilton County</i>				
COVID-19 Emergency Solutions Grant Program	14.231	TBD	1,477,979	1,438,328
COVID-19 Emergency Solutions Grant Program	14.231	TBD	2,252	-
Emergency Solutions Grant Program	14.231	TBD	188,832	188,832
Emergency Solutions Grant Program	14.231	TBD	71,182	-
<i>Passed through ODSA</i>				
Emergency Solutions Grant Program	14.231	N-L-20-71S-2	331,615	135,407
Emergency Solutions Grant Program	14.231	N-L-20-71S-2	3,902	-
Emergency Solutions Grant Program	14.231	N-L-20-71S-4	6,375	-
Emergency Solutions Grant Program	14.231	N-L-20-71S-4	625	-
COVID-19 Emergency Solutions Grant Program	14.231	N-L-20-71S-5	361,166	267,482
COVID-19 Emergency Solutions Grant Program	14.231	N-L-20-71S-5	7,170	-
Total for ALN 14.231			<u>4,142,341</u>	<u>3,440,929</u>
<i>Passed through City of Cincinnati</i>				
Housing Opportunities for Persons with AIDS	14.241	95x2019-296/23	1,067,155	1,067,155
Housing Opportunities for Persons with AIDS	14.241	15X2021-227	8,310	7,783
Housing Opportunities for Persons with AIDS	14.241	15X2021-227	52	-
Total for ALN 14.241			<u>1,075,517</u>	<u>1,074,938</u>
Direct Awards				
Continuum of Care Program	14.267	OH0001U5E002006	10,984,587	10,149,608
Continuum of Care Program	14.267	OH0001U5E002006	77,213	-
Continuum of Care Program	14.267	OH9999U5E002106	10,450,129	9,703,903
Continuum of Care Program	14.267	OH9999U5E002106	69,154	-
Continuum of Care Program	14.267	OH9998U5E002101	986,664	986,664
Continuum of Care Program	14.267	OH9010U5E002100	5,573	5,573
Total for ALN 14.267			<u>22,573,320</u>	<u>20,845,748</u>
Total U.S. Department of Housing and Urban Development			<u>27,791,178</u>	<u>25,361,615</u>
U.S. Department of Treasury				
<i>Passed through City of Cincinnati</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	101 25x033	98,000	-
<i>Passed through Hamilton County</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	RFP 060-22JW	474,076	-
Total for ALN 21.027			<u>572,076</u>	<u>-</u>
U.S. Department of Health and Human Services				
<i>Passed through COHHIO</i>				
Temporary Assistance for Need Families	93.558	TBD	388,939	297,159
Temporary Assistance for Need Families	93.558	TBD	91	-
Total for ALN 93.558 / 477 Cluster			<u>389,030</u>	<u>297,159</u>
Total Expenditures of Federal Awards			<u>\$ 28,752,284</u>	<u>\$ 25,658,774</u>

Strategies to End Homelessness, Inc.

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Strategies to End Homelessness, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Strategies to End Homelessness, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Strategies to End Homelessness, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the schedule 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.

NOTE 3 INDIRECT COST RATE

Strategies to End Homelessness, Inc. has elected to use the 10% de minimis cost rate allowed under Uniform Guidance.

**INDEPENDENT AUDITORS' 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**

The Board of Directors of
Strategies to End Homelessness, Inc.
Cincinnati, Ohio

We have audited, 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, the financial statements of Strategies to End Homelessness, Inc. (Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued a report thereon dated June 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

**INDEPENDENT AUDITORS' 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*
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

June 20, 2023
Cincinnati, Ohio

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

The Board of Directors of
Strategies to End Homelessness, Inc.
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Strategies to End Homelessness, Inc.'s (Organization) 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 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 auditor's 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Auditor's Responsibilities for the Audit of Compliance (Continued)

Reasonable assurance is a high level of 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control over Compliance (Continued)

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.

Barnes, Dennig & Co., Ltd.

June 20, 2023
Cincinnati, Ohio

Strategies to End Homelessness, Inc.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2022**

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 deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

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

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

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

Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: \$862,569

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

Section II - Financial Statement Findings

No matters are reportable

Section III - Federal Award Findings and Questioned Costs

No matters are reportable

Strategies to End Homelessness, Inc.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

Reference Number	Summary of Finding	Status
No matters are reportable		