

Strategies to End Homelessness, Inc.

**Financial Statements with Supplementary Information
December 31, 2023 and 2022, and
Independent Auditors' Report**

Strategies to End Homelessness, Inc.
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 July 2, 2024 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.

July 2, 2024
Cincinnati, Ohio

Strategies to End Homelessness, Inc.

**Statements of Financial Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 5,689,623	\$ 6,327,814
Grants receivable	5,394,794	4,595,280
Contributions receivable	58,403	78,719
Other assets	198,999	23,563
Right of use asset, net - operating lease	121,889	174,938
Property and equipment, net	2,274	2,894
Total assets	<u>\$ 11,465,982</u>	<u>\$ 11,203,208</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 4,184,317	\$ 4,179,724
Accrued expenses	161,194	150,427
Lease liability - operating lease	122,865	175,426
Refundable advances	103,500	313,200
Total liabilities	<u>4,571,876</u>	<u>4,818,777</u>
 Net Assets		
Without donor restrictions	1,374,493	1,146,208
With donor restrictions	5,519,613	5,238,223
Total net assets	<u>6,894,106</u>	<u>6,384,431</u>
Total liabilities and net assets	<u>\$ 11,465,982</u>	<u>\$ 11,203,208</u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

**Statement of Activities
Year Ended December 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Government grants	\$ 32,196,045	\$ -	\$ 32,196,045
Foundation grants	-	999,436	999,436
Agency fees	120,605	-	120,605
Contributions	107,759	139,414	247,173
Interest income	173,406	-	173,406
Other income	214,532	-	214,532
Released from restrictions	<u>857,460</u>	<u>(857,460)</u>	<u>-</u>
Total revenues	<u>33,669,807</u>	<u>281,390</u>	<u>33,951,197</u>
Expenses			
Program	32,639,633	-	32,639,633
Management & general	561,041	-	561,041
Fundraising	<u>240,848</u>	<u>-</u>	<u>240,848</u>
Total expenses	<u>33,441,522</u>	<u>-</u>	<u>33,441,522</u>
Change in net assets	228,285	281,390	509,675
Net assets, beginning of year	<u>1,146,208</u>	<u>5,238,223</u>	<u>6,384,431</u>
Net assets, end of year	<u><u>\$ 1,374,493</u></u>	<u><u>\$ 5,519,613</u></u>	<u><u>\$ 6,894,106</u></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
Interest income	11,634	-	11,634
Other income	227,965	-	227,965
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><u>\$ 1,146,208</u></u>	<u><u>\$ 5,238,223</u></u>	<u><u>\$ 6,384,431</u></u>

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

Statement of Functional Expenses Year Ended December 31, 2023

	Program							
	Homeless Management Information System	Shelter/ Housing	Coordinated Entry	Prevention	Total	Management & General	Fundraising	
Salaries	\$ 268,256	\$ 842,292	\$ 303,269	\$ 260,458	\$ 1,674,275	\$ 390,657	\$ 178,772	\$ 2,243,704
Fringe benefits	30,098	94,506	34,027	29,223	187,854	43,833	20,058	251,745
Payroll taxes	21,067	66,149	23,817	20,455	131,488	30,679	14,040	176,207
Contract Labor	11,237	35,284	12,704	10,911	70,136	16,365	7,489	93,990
	<u>330,659</u>	<u>1,038,231</u>	<u>373,817</u>	<u>321,046</u>	<u>2,063,753</u>	<u>481,534</u>	<u>220,359</u>	<u>2,765,646</u>
Total salaries and benefits								
Program expenses	-	27,925,817	1,489	2,322,161	30,249,467	-	-	30,249,467
Professional fees	109,043	40,419	32,531	15,753	197,746	47,257	7,187	252,190
Occupancy and telephone	7,821	24,829	24,174	11,539	68,363	12,473	4,613	85,449
Depreciation	64	278	109	82	533	50	37	620
Travel	1,809	9,111	-	5,622	16,542	103	212	16,857
Training and membership dues	779	15,535	110	97	16,521	2,112	837	19,470
Equipment and maintenance	4,156	4,594	3,074	1,640	13,464	2,300	791	16,555
Miscellaneous	-	1,192	313	1,679	3,184	8,457	1,716	13,357
Printing and postage	52	1,851	83	1,194	3,180	185	4,572	7,937
Supplies	139	817	209	524	1,689	251	83	2,023
Insurance	401	1,227	613	518	2,759	5,538	236	8,533
Meetings and seminars	76	2,153	127	76	2,432	781	205	3,418
	<u>\$ 454,999</u>	<u>\$ 29,066,054</u>	<u>\$ 436,649</u>	<u>\$ 2,681,931</u>	<u>\$ 32,639,633</u>	<u>\$ 561,041</u>	<u>\$ 240,848</u>	<u>\$ 33,441,522</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
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	23,263	16,973	111,628	35,284	13,789	160,701
Contract Labor	6,519	16,488	7,496	5,470	35,973	11,369	4,443	51,785
Total salaries and benefits	321,278	812,636	369,480	269,589	1,772,983	560,434	219,007	2,552,424
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
	\$ 457,822	\$ 28,427,055	\$ 417,398	\$ 2,254,892	\$ 31,557,167	\$ 648,971	\$ 238,802	\$ 32,444,940

See accompanying notes to financial statements

Strategies to End Homelessness, Inc.

**Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 509,675	\$ 4,651,371
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	620	807
Loss from sale of asset	-	882
Non-cash lease expense	488	488
Changes in:		
Grants receivable	(799,514)	494,822
Contributions receivable	20,316	147,949
Other assets	(175,436)	(6,427)
Accounts payable	4,593	(269,195)
Accrued expenses	10,767	(33,431)
Refundable advances	(209,700)	44,904
	(638,191)	5,032,170
Net cash (used in) provided by operating activities	(638,191)	5,032,170
Net change in cash and cash equivalents	(638,191)	5,032,170
Cash and cash equivalents, beginning of year	6,327,814	1,295,644
Cash and cash equivalents, end of year	\$ 5,689,623	\$ 6,327,814

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 in the United States of America (US 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, 2023 and 2022, 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, 2023 and 2022, these conditional promises to give totaled approximately \$19,530,000 and \$19,307,000, 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, 2023 and 2022.

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, net – 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 liabilities 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.

Reclassifications

Certain 2022 amounts have been reclassified to conform to the 2023 presentation.

Strategies to End Homelessness, Inc.

Notes to Financial Statements (Continued)

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

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through July 2, 2024, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year end*	<u>\$ 11,142,820</u>	<u>\$ 11,001,813</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual grant and donor-imposed restrictions related to time or purpose	<u>(8,651,356)</u>	<u>(9,592,501)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,491,464</u>	<u>\$ 1,409,312</u>

* Total assets, less nonfinancial assets (e.g. other assets, right-of-use asset and property and equipment)

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 2023 and 2022 were approximately \$266,000 and \$245,000, respectively; Therefore, \$798,000 and \$735,000, respectively, is the minimum goal for on-hand cash or near-cash assets at December 31, 2023 and 2022, 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, 2023 and 2022 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 2024. For the years ended December 31, 2023 and 2022, \$-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% (9.0% at December 31, 2023) 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:

	2023	2022
Restricted for specific purposes:		
Shelter/Housing	\$ 5,194,944	\$ 5,174,063
Prevention	7,500	7,500
COVID	4,544	4,544
Planning/Coordination	262,625	166
Restricted for future periods:	50,000	51,950
	\$ 5,519,613	\$ 5,238,223

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 years ended December 31:

	2023	2022
Operating lease expense	\$ 58,457	\$ 58,457
Short-term lease expense	4,875	4,470

Other Information related to leases was as follows for the years ended December 31:

	2023	2022
Operating cash flows	\$ 57,969	\$ 57,969
Weighted average remaining lease term in years	2.17	3.17
Weighted average discount rate	3.75%	3.75%

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, 2023 were as follows:

2024	\$ 58,817
2025	58,986
2026	<u>9,831</u>
Total future minimum lease payments	127,634
Less imputed interest	<u>(4,769)</u>
Total lease liability	<u><u>\$ 122,865</u></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 85% and 75% of total revenue was funded through the U.S. Department of Housing and Urban Development in 2023 and 2022, respectively.

SUPPLEMENTARY INFORMATION

Strategies to End Homelessness, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2023

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 Hamilton County</i>				
COVID-19 Community Development Block Grants	14.218	Not available	\$ 255,693	\$ 140,795
<i>Passed through City of Cincinnati</i>				
Emergency Solutions Grant Program	14.231	05X2020-248	321,689	321,689
Emergency Solutions Grant Program	14.231	05X2020-187	593,885	593,885
COVID-19 Emergency Solutions Grant Program	14.231	05X2021-217	349,708	178,298
COVID-19 Emergency Solutions Grant Program	14.231	05X2021-217	455	-
<i>Passed through Hamilton County</i>				
COVID-19 Emergency Solutions Grant Program	14.231	Not available	227,151	117,287
COVID-19 Emergency Solutions Grant Program	14.231	Not available	841	-
Emergency Solutions Grant Program	14.231	Not available	162,837	162,837
<i>Passed through Ohio Department of Development</i>				
COVID-19 Emergency Solutions Grant Program	14.231	N-L-20-71S-5	675,885	-
COVID-19 Emergency Solutions Grant Program	14.231	N-L-20-71S-5	13,402	-
Emergency Solutions Grant Program	14.231	N-L-20-71S-2	21,510	-
Emergency Solutions Grant Program	14.231	N-L-20-71S-2	2,129	-
Emergency Solutions Grant Program	14.231	N-L-22-71S-2	210,232	155,990
Emergency Solutions Grant Program	14.231	N-L-22-71S-2	5,004	-
Total for ALN 14.231			<u>2,584,728</u>	<u>1,529,986</u>
<i>Passed through City of Cincinnati</i>				
Housing Opportunities for Persons with AIDS	14.241	95x2019-296/24	1,113,642	1,113,642
Direct Awards				
Continuum of Care Program	14.267	N/A	867,867	867,867
Continuum of Care Program	14.267	N/A	108,421	108,421
Continuum of Care Program	14.267	N/A	11,035,724	10,145,217
Continuum of Care Program	14.267	N/A	83,842	-
Continuum of Care Program	14.267	N/A	1,094,448	1,094,448
Continuum of Care Program	14.267	N/A	237,782	237,782
Continuum of Care Program	14.267	N/A	11,182,228	10,245,378
Continuum of Care Program	14.267	N/A	88,388	-
Total for ALN 14.267			<u>24,698,700</u>	<u>22,699,113</u>
Total U.S. Department of Housing and Urban Development			<u>28,652,763</u>	<u>25,483,536</u>
U.S. Department of Treasury				
<i>Passed through Hamilton County</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	RFP 060-22JW	792,235	180,000
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	9,354	6,550
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	280	-
Total for ALN 21.027			<u>801,869</u>	<u>186,550</u>
Total Expenditures of Federal Awards			<u>\$ 29,454,632</u>	<u>\$ 25,670,086</u>

Strategies to End Homelessness, Inc.

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2023

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, 2023. 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, 2023, 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 July 2, 2024.

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.

July 2, 2024
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, 2023. 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, 2023.

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.

July 2, 2024
Cincinnati, Ohio

Strategies to End Homelessness, Inc.

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2023**

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:

Assistance Listing 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: \$883,639

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, 2023

Reference Number	Summary of Finding	Status
No matters are reportable		