



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

FOUNDATION FOR THE HOMELESS, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

31 DECEMBER 2023



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

Arturo Montemayor III CPA, President & CEO | Stacy Britton CPA, Shareholder | Sean Bender CPA, Shareholder
Danielle Guerrero, Shareholder | Sara Carey CPA, Shareholder

Board of Directors and Management
Foundation for the Homeless, Inc.

INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foundation for the Homeless, Inc. (Foundation), a nonprofit organization, which comprise the statement of financial position as of 31 December 2023, and the related statements of activities and cash flows for the year 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 the Foundation as of 31 December 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility 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 the Foundation'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 Responsibility 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

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opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 the Foundation’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 the Foundation’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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

B. Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 18 September 2024, on our consideration of the Foundation’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The



purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Montgomery Britton Bender PC

18 September 2024
Austin, Texas

FOUNDATION FOR THE HOMELESS, INC.

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

ASSETS

Current assets

Cash	\$345,625
Investments	70,472
Federal awards receivable	376,060
Local awards receivable	15,558
Contributions receivable	48,375
Contributed bus passes, prepaid expenses and security deposit	<u>43,508</u>

899,598

Property and equipment

24,791

Right of use asset - operating lease

21,853

\$946,242

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$16,012
Accrued liabilities and deferred revenue	30,085
Operating lease obligation	<u>21,853</u>
	<u>67,950</u>

Net assets

Without donor restrictions 831,792

With donor restrictions - Time restricted for use in 2024 46,500

878,292

\$946,242

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

FOUNDATION FOR THE HOMELESS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED 31 DECEMBER 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Federal awards	\$1,849,539	\$0	\$1,849,539
Contributions	289,891	46,500	336,391
Local awards	246,958	0	246,958
Contributed goods and other	63,351	0	63,351
Net assets released from restrictions	<u>89,033</u>	<u>(89,033)</u>	<u>0</u>
	<u>2,538,772</u>	<u>(42,533)</u>	<u>2,496,239</u>
EXPENSES			
Program	2,209,775	0	2,209,775
Administrative	122,835	0	122,835
Fundraising	<u>95,015</u>	<u>0</u>	<u>95,015</u>
	<u>2,427,625</u>	<u>0</u>	<u>2,427,625</u>
CHANGE IN NET ASSETS	111,147	(42,533)	68,614
BEGINNING NET ASSETS	<u>720,645</u>	<u>89,033</u>	<u>809,678</u>
ENDING NET ASSETS	<u>\$831,792</u>	<u>\$46,500</u>	<u>\$878,292</u>

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

FOUNDATION FOR THE HOMELESS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$68,614
Depreciation expense	8,508
Amortization expense on right of use asset - operating lease	37,193
Unrealized gain on investments	(9,019)
Change in federal awards receivable	(212,272)
Change in local awards receivable	(5,618)
Change in contributions receivable	247
Change in contributed bus passes and other current assets	(4,421)
Change in accounts payable	(16,836)
Reduction of lease obligation	(37,193)
Change in accrued liabilities	<u>(78,046)</u>
	<u>(248,843)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(1,564)
Purchases of investments	(16,664)
Proceeds from sales of investments	<u>113,087</u>
	<u>94,859</u>

NET CHANGE IN CASH (153,984)

BEGINNING CASH 499,609

ENDING CASH \$345,625

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

FOUNDATION FOR THE HOMELESS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Foundation for the Homeless, Inc. (Foundation) was incorporated in the State of Texas on 7 February 1989. The Foundation's mission is to provide families experiencing homelessness with hope, opportunity, and solutions while also promoting the dignity of individuals who experience homelessness. The Foundation provides the central administration, coordination and planning required to mobilize faith-based and community resources in a spirit of compassion to restore hope and alleviate homelessness. The Foundation is supported in part by the City of Austin, Texas, (City) and the State of Texas.

The Foundation conducts the following activities:

Feed My People - This is open to anyone experiencing homelessness and poverty. This long-standing activity is a partnership of eight churches and schools in the Austin community. Together the organizations provide a filling, hot breakfast along with other services including showers, AA meetings, a clothing closet, and haircuts.

Family Stability - This is rapid re-housing for families with minor children experiencing homelessness. This is a multi-agency collaborative focused on case management for obtaining and maintaining safe and stable housing.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Foundation uses the accrual basis method of accounting. Using this method of accounting, revenue and accounts receivable are reported when funds are considered earned, regardless of when cash is received. Expenses and accounts payable are reported when obligations are incurred, regardless of when cash is disbursed.

FINANCIAL STATEMENT PREPARATION

Net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These result from operating revenues and unrestricted contributions, less expenses incurred in operations to raise contributions and for administrative functions.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor imposed restrictions are released when the restriction expires, which includes when the stipulated time has elapsed, when the stipulated purpose for which the restricted resource has been fulfilled, or both.

INVESTMENTS

Investments consist of mutual funds carried at fair value.

PROPERTY AND EQUIPMENT

Fixed assets are capitalized at cost if the value of the item is more than \$1,000 and the estimated useful service life of the item is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation is computed over the estimated useful service life of the asset (generally 3 to 35 years) using the straight line method. Assets donated with explicit restrictions regarding their use and contributions of cash must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor.

RECEIVABLES

Unconditional grants and contributions are recorded as revenue and receivable at fair value on the date of the award. Foundation earns revenue from cost-reimbursement grants when expenses are incurred in performance of the grant contract.

Rental income is recorded as revenue and receivable at the beginning of each month within the tenant's lease term. Amounts are considered past due in accordance with lease agreements.

Uncollectible receivables are provided for using the allowance method of accounting for bad debts, whereby a provision for uncollectible accounts is charged to expense. This estimate is based on management's experience with tenants, individual grantors and donors. The Foundation considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

CONTRIBUTED GOODS AND SERVICES

Contributed services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributed goods are recorded at their fair value in the period received.

GRANTS AND CONTRIBUTIONS

Unconditional grants and contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of time or purpose restrictions. The Foundation's policy is to report restricted support that is satisfied in the year of receipt as support without donor restrictions.

FEDERAL INCOME TAX

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business activities. As such, no provision for federal income taxes has been made in the accompanying financial statements.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of personnel time and management's review and analysis of individual transactions and costs. Expenses that are allocated are personnel costs, client mortgage and rental assistance, office rent and utilities, professional services, general insurance, and other.

COST REIMBURSEMENT GRANTS

A portion of the Foundation's revenue is derived from cost reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred grant revenue in the statement of financial position. The Foundation has contracts for cost reimbursable grants of \$1,989,040 for which qualifying expenditures have not been incurred and accordingly have not been recognized as revenue at year end.

ESTIMATES

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

LEASES

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and operating lease obligation in the statement of financial position. ROU assets and lease obligations reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events as of the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

NOTE 3: CONTINGENCY

The Foundation receives grants for specific purposes that are subject to grantor review. Such reviews could result in a request for reimbursement by the grantor if unallowable costs are identified. The Foundation's management believes that any liability for reimbursement which could arise as the result of these audits would not be material to the financial position of the Foundation.

NOTE 4: FAIR VALUE MEASUREMENTS

	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in mutual funds	<u>\$70,472</u>	<u>\$70,472</u>	<u>N/A</u>	<u>N/A</u>

NOTE 5: CONCENTRATIONS

Funding from two grantors accounted 71% of the Foundation's total revenue and 72% of total federal awards receivable at year end.

NOTE 6: PROPERTY AND EQUIPMENT

Vehicles	\$66,832
Furniture and equipment	<u>9,253</u>
	76,085
Accumulated depreciation	<u>(51,294)</u>
	<u>\$24,791</u>

NOTE 7: CONTRIBUTED GOODS

During the year, the Foundation recognized revenue from contributed nonfinancial assets that were received without donor-imposed restrictions, which are included in contributions on the statement of activities:

Annual bus passes	\$24,720
Shelter facilities	8,130
Hygiene kits	<u>3,642</u>
	<u>\$36,492</u>

All contributed goods are utilized in the Foundation's program. Contributed goods are reported at fair value at the date of contribution. Annual bus passes are based on capital metro's reduce fare rate. The fair value of donated shelter facilities is based on the rate for similar properties in similar areas in Austin, Texas. Household items and hygiene kits are valued at the price the Foundation would have paid if it had purchased similar quantities of the same items from vendors.

NOTE 8: RELATED PARTY TRANSACTIONS

Members of the Foundation's Board of Directors provide various supporting contributions such as general contributions and contributed services. Total contributions from Board members for the year were \$56,206.

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONSSatisfaction of purpose restrictions during the year:

Direct client assistance	\$18,085
Homeless prevention	<u>24,448</u>
	42,533

Satisfaction of time restriction during the year:

46,500

\$89,033**NOTE 10: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$345,625
Investments	70,472
Federal awards receivable	376,060
Local awards receivable	15,558
Contributions receivable	<u>48,375</u>
	<u>\$856,090</u>

As part of the Foundation's liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the Foundation's operating accounts.

NOTE 11: RETIREMENT PLAN

The Foundation provides a Savings Incentive Match Plan for Employees retirement plan, also known as a SIMPLE IRA plan. All employees are eligible to participate. Employees can contribute the maximum allowed under the Internal Revenue Service limitations. The Foundation makes nonelective contributions of 2% for each eligible employee's compensation. Participants are immediately vested in their contributions and any employer contributions. During the year the Foundation contributed \$6,288 to the retirement plan.

NOTE 12: LEASES

The Foundation evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Foundation's right to use underlying assets for the lease term, and the lease obligation represents the Foundation's obligation to make lease payments arising from these leases.

The ROU asset and lease obligation, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease term using a discount rate. The discount rate applied to calculate lease obligation as of 31 December 2023 was 0.910%, a risk free rate discount rate using a period comparable with that of the lease term.

Components of rent and utilities:

Operating lease cost	\$37,576
Common area maintenance and utilities	<u>39,499</u>
	<u>\$77,075</u>

The Foundation's operating lease consist of one lease for office space located in Austin, Texas, which expires in 2024 and it is not expected to be renewed. The lease requires the Foundation to pay separate amounts for common area maintenance, taxes and insurance.

Remaining lease commitment for the operating leases are:

Through 31 December 2024	\$21,919
Less: Discount to present value	<u>(66)</u>
	<u>\$21,853</u>

As of 31 December 2023, ROU assets related to operating leases were as follows:

Cost	\$95,975
Less: accumulated amortization	<u>(74,122)</u>
	<u>\$21,853</u>

Cash paid for amounts included in the measurement of lease obligations:

Operating cash flows from operating leases	<u>\$35,576</u>
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NOTE 13: FUNCTIONAL EXPENSE ALLOCATION

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Client rental and mortgage assistance	\$1,333,286	\$40	\$0	\$1,333,326
Personnel costs	492,918	92,358	39,731	625,007
Client utility assistance	165,600	0	0	165,600
Office rent and utilities	68,368	5,096	3,611	77,075
Fundraising costs	0	0	38,543	38,543
Professional services	24,603	1,877	1,397	27,877
Contract labor	27,230	0	0	27,230
General insurance	13,042	980	696	14,718
Other	<u>84,728</u>	<u>22,484</u>	<u>11,037</u>	<u>118,249</u>
	<u>\$2,209,775</u>	<u>\$122,835</u>	<u>\$95,015</u>	<u>\$2,427,625</u>



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Board of Directors and Management
Foundation for the Homeless, Inc.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for the Homeless, Inc. (Foundation), which comprise the statement of financial position as of 31 December 2023, and the related statements of activities and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated 18 September 2024.

Report on Internal Control Over Financial Reporting

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montgomery Britton Bender PC

18 September 2024
Austin, Texas



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Foundation for the Homeless, Inc.

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

A. Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foundation for the Homeless, Inc. (Foundation) 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 Foundation's major federal program for the year ended 31 December 2023. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation 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 31 December 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 Foundation 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 Foundation's compliance with the compliance requirements referred to above.

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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 Foundation'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 Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foundation'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 Foundation'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 Foundations'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 Foundation'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.

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

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

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

Montgomery Britton Bender PC

18 September 2024
Austin, Texas

FOUNDATION FOR THE HOMELESS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED 31 DECEMBER 2023

<u>Federal Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenses</u>
U. S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	4700 NG2200000099	\$479,525
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	4700 NG2200000116	226,241
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	4700 NG2200000105	<u>832,074</u>
			<u>1,537,840</u>
U. S. Department of Homeland Security (DHS)			
Emergency Food and Shelter National Board Program	97.024	782400-022	<u>108,131</u>
U. S. Department of Housing and Urban Development (HUD)			
COVID-19 Emergency Solutions Grant Program	14.231	44205030008	26,917
COVID-19 Emergency Solutions Grant Program	14.231	45205030003	<u>176,651</u>
			<u>203,568</u>
			<u>\$1,849,539</u>

NOTE A: This schedule is prepared on the same basis of accounting as described in the notes to the financial statements on pages 7 through 12.

NOTE B: The foundation uses the 10% de minimus indirect cost rate

See independent auditor's report.

FOUNDATION FOR THE HOMELESS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED 31 DECEMBER 2023

I. SUMMARY OF AUDITOR'S RESULTS

A. FINANCIAL STATEMENTS

- | | |
|---|------------|
| 1. Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness (es) identified? | None noted |
| b. Significant deficiency(ies) identified that are not considered material weakness(es)? | None noted |
| c. Noncompliance material to financial statements notes? | None noted |

B. FEDERAL AWARDS

- | | |
|---|------------|
| 1. Internal controls over major programs: | |
| a. Material weakness(es) identified? | None noted |
| b. Significant deficiency(ies) identified that are not considered material weakness(es)? | None noted |
| 2. Type of auditor's report issued on compliance with major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | None noted |
| 4. Major program:
BSS- Rapid Re-Housing ARPA Funds - Assistance listing #21.027
Family Stabilization Program - Assistance listing #21.027 | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | No |

II. FINANCIAL STATEMENT FINDINGS

- | | |
|--------------|----------------|
| Current year | None noted |
| Prior year | Not applicable |

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- | | |
|--------------|----------------|
| Current year | None noted |
| Prior year | Not applicable |

See independent auditor's report.