



**Audited Financial Statements  
and Supplementary Information**

**December 31, 2017 and 2016**

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## **Independent Auditor's Report**

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program, which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program as of December 31, 2017 and 2016, 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.

## Other Matters

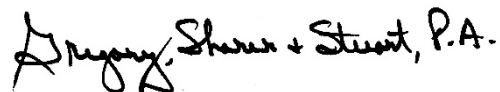
### *Supplementary Information*

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 and related notes, as required by Subpart F Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 on our consideration of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program'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 Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over financial reporting and compliance.

Gregory, Sharer & Stuart, P.A.

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive style.

St. Petersburg, Florida  
May 21, 2018

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

Statement of Financial Position as of December 31, 2017

With Summarized Comparative Totals as of December 31, 2016

	December 31, 2017			Total	Summarized Comparative Totals December 31, 2016
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 1,150,181	\$ 7,593	\$ -	\$ 1,157,774	\$ 574,507
Grants receivable	198,441	-	-	198,441	357,002
Accounts receivable - other	1,964	-	-	1,964	2,643
Prepaid expenses	47,771	-	-	47,771	47,307
Investments	4,696,057	-	-	4,696,057	4,147,635
Promises to give	-	109,677	-	109,677	29,520
Other assets	21,692	-	-	21,692	22,661
Total current assets	6,116,106	117,270	-	6,233,376	5,181,275
Noncurrent assets					
Promises to give, net	-	-	-	-	5,000
Property and equipment, net	9,961,700	-	-	9,961,700	10,247,537
Investments	-	-	200,000	200,000	228,411
Beneficial interest in perpetual trust	-	-	390,778	390,778	361,961
Total noncurrent assets	9,961,700	-	590,778	10,552,478	10,842,909
<b>Total assets</b>	<b>\$ 16,077,806</b>	<b>\$ 117,270</b>	<b>\$ 590,778</b>	<b>\$ 16,785,854</b>	<b>\$ 16,024,184</b>
<b>Liabilities and net assets</b>					
<b>Liabilities</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 95,418	\$ -	\$ -	\$ 95,418	\$ 104,780
Accrued payroll	47,114	-	-	47,114	47,035
Security deposits	890	-	-	890	890
Total current liabilities	143,422	-	-	143,422	152,705
Mortgages payable, net of unamortized loan costs	3,459,576	-	-	3,459,576	3,500,715
Total liabilities	3,602,998	-	-	3,602,998	3,653,420
<b>Net assets</b>					
Unrestricted	8,004,105	-	-	8,004,105	7,589,266
Unrestricted board designated	4,470,703	-	-	4,470,703	4,099,013
Temporarily restricted	-	117,270	-	117,270	92,113
Permanently restricted	-	-	590,778	590,778	590,372
Total net assets	12,474,808	117,270	590,778	13,182,856	12,370,764
<b>Total liabilities and net assets</b>	<b>\$ 16,077,806</b>	<b>\$ 117,270</b>	<b>\$ 590,778</b>	<b>\$ 16,785,854</b>	<b>\$ 16,024,184</b>

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Financial Position  
December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 566,914	\$ 7,593	\$ -	\$ 574,507
Grants receivable	307,002	50,000	-	357,002
Accounts receivable - other	2,643	-	-	2,643
Prepaid expenses	47,307	-	-	47,307
Investments	4,147,635	-	-	4,147,635
Promises to give	-	29,520	-	29,520
Other assets	<u>22,661</u>	<u>-</u>	<u>-</u>	<u>22,661</u>
Total current assets	5,094,162	87,113	-	5,181,275
Noncurrent assets				
Promises to give, net	-	5,000	-	5,000
Property and equipment, net	10,247,537	-	-	10,247,537
Investments	-	-	228,411	228,411
Beneficial interest in perpetual trust	-	-	361,961	361,961
Total noncurrent assets	<u>10,247,537</u>	<u>5,000</u>	<u>590,372</u>	<u>10,842,909</u>
<b>Total assets</b>	<u>\$ 15,341,699</u>	<u>\$ 92,113</u>	<u>\$ 590,372</u>	<u>\$ 16,024,184</u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 104,780	\$ -	\$ -	\$ 104,780
Accrued payroll	47,035	-	-	47,035
Security deposits	890	-	-	890
Total current liabilities	<u>152,705</u>	<u>-</u>	<u>-</u>	<u>152,705</u>
Mortgages payable, net of unamortized loan costs	<u>3,500,715</u>	<u>-</u>	<u>-</u>	<u>3,500,715</u>
Total liabilities	3,653,420	-	-	3,653,420
<b>Net assets</b>				
Unrestricted	7,589,266	-	-	7,589,266
Unrestricted board designated	4,099,013	-	-	4,099,013
Temporarily restricted	-	92,113	-	92,113
Permanently restricted	-	-	590,372	590,372
Total net assets	<u>11,688,279</u>	<u>92,113</u>	<u>590,372</u>	<u>12,370,764</u>
<b>Total liabilities and net assets</b>	<u>\$ 15,341,699</u>	<u>\$ 92,113</u>	<u>\$ 590,372</u>	<u>\$ 16,024,184</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2017**  
**With Summarized Comparative Totals for the Year Ended December 31, 2016**

	Year Ended December 31, 2017			Total	Summarized
	Unrestricted	Temporarily Restricted	Permanently Restricted		Comparative
					Totals
					Year Ended
					December 31,
					2016
Public support and revenue					
Contributions	\$ 1,783,392	\$ 100,000	\$ -	\$ 1,883,392	\$ 3,275,672
In-kind contributions - services and other	1,519,663	-	-	1,519,663	1,397,726
Grants	2,892,044	-	-	2,892,044	2,775,148
Client fees	351,679	-	-	351,679	348,844
Special events revenue, net	82,981	-	-	82,981	90,740
Thrift store sales	282,338	-	-	282,338	308,416
Other	90,753	-	-	90,753	86,500
Net assets released from restriction	108,312	(74,843)	(33,469)	-	-
Total public support and revenue	<u>7,111,162</u>	<u>25,157</u>	<u>(33,469)</u>	<u>7,102,850</u>	<u>8,283,046</u>
Expenses other than depreciation					
Program services	5,227,760	-	-	5,227,760	5,122,958
Management and general	521,126	-	-	521,126	593,947
Development (fundraising)	528,386	-	-	528,386	570,786
Total expenses other than depreciation	<u>6,277,272</u>	<u>-</u>	<u>-</u>	<u>6,277,272</u>	<u>6,287,691</u>
Changes in net assets before depreciation	833,890	25,157	(33,469)	825,578	1,995,355
Depreciation	<u>681,927</u>	<u>-</u>	<u>-</u>	<u>681,927</u>	<u>717,947</u>
Changes in net assets from operating activities	151,963	25,157	(33,469)	143,651	1,277,408
Non-operating activities					
Investment return	<u>634,566</u>	<u>-</u>	<u>33,875</u>	<u>668,441</u>	<u>328,699</u>
<b>Changes in net assets</b>	786,529	25,157	406	812,092	1,606,107
<b>Net assets at beginning of year</b>	<u>11,688,279</u>	<u>92,113</u>	<u>590,372</u>	<u>12,370,764</u>	<u>10,764,657</u>
<b>Net assets at end of year</b>	<u>\$ 12,474,808</u>	<u>\$ 117,270</u>	<u>\$ 590,778</u>	<u>\$ 13,182,856</u>	<u>\$ 12,370,764</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2016**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 3,250,672	\$ 25,000	\$ -	\$ 3,275,672
In-kind contributions - services and other	1,397,726	-	-	1,397,726
Grants	2,725,148	50,000	-	2,775,148
Client fees	348,844	-	-	348,844
Special events revenue, net	90,740	-	-	90,740
Thrift store sales	308,416	-	-	308,416
Other	86,500	-	-	86,500
Net assets released from restriction	4,656	(4,656)	-	-
Total public support and revenue	<u>8,212,702</u>	<u>70,344</u>	<u>-</u>	<u>8,283,046</u>
Expenses other than depreciation				
Program services	5,122,958	-	-	5,122,958
Management and general	593,947	-	-	593,947
Development (fundraising)	570,786	-	-	570,786
Total expenses other than depreciation	<u>6,287,691</u>	<u>-</u>	<u>-</u>	<u>6,287,691</u>
Changes in net assets before depreciation	1,925,011	70,344	-	1,995,355
Depreciation	<u>717,947</u>	<u>-</u>	<u>-</u>	<u>717,947</u>
Changes in net assets from operating activities	1,207,064	70,344	-	1,277,408
Non-operating activities				
Investment return	<u>323,339</u>	<u>-</u>	<u>5,360</u>	<u>328,699</u>
<b>Changes in net assets</b>	1,530,403	70,344	5,360	1,606,107
<b>Net assets at beginning of year</b>	<u>10,157,876</u>	<u>21,769</u>	<u>585,012</u>	<u>10,764,657</u>
<b>Net assets at end of year</b>	<u>\$ 11,688,279</u>	<u>\$ 92,113</u>	<u>\$ 590,372</u>	<u>\$ 12,370,764</u>



Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Functional Expenses for the Year Ended December 31, 2017  
With Summarized Comparative Totals for the Year Ended December 31, 2016

	Year Ended December 31, 2017											Summarized Comparative Totals Year Ended December 31, 2016
	Program Services										Total	
	Housing Programs				Total Housing Programs	Client Counseling and Other Services	Thrift Store	Total Program Services	Management and General	Development (Fundraising)		
Outreach	Emergency	Transitional	Permanent									
Salaries	\$ 113,699	\$ 406,916	\$ 302,879	\$ 235,039	\$ 1,058,533	\$ 481,538	\$ 167,041	\$ 1,707,112	\$ 309,424	\$ 310,146	\$ 2,326,682	\$ 2,344,159
Payroll taxes and benefits	24,683	82,683	48,958	44,229	200,553	110,186	27,436	338,175	61,998	54,386	454,559	434,809
Personnel expenses	1,286	4,904	3,485	2,265	11,940	7,908	3,035	22,883	3,367	3,405	29,655	38,727
Total salaries and related expenses	139,668	494,503	355,322	281,533	1,271,026	599,632	197,512	2,068,170	374,789	367,937	2,810,896	2,817,695
Client services	10,211	47,679	81,374	45,554	184,818	241,835	4,950	431,603	15,263	6,146	453,012	459,504
Contract labor	-	-	-	-	-	-	-	-	-	-	-	311
Dental clinic expenses	41,150	159,104	119,248	191,720	511,222	-	-	511,222	-	-	511,222	435,302
Marketing	-	-	-	-	-	242	3,781	4,023	308	51,667	55,998	57,288
Food	49,355	190,196	153,073	226,092	618,716	-	164	618,880	1,064	437	620,381	541,825
In-kind lease space	26,417	66,042	69,344	33,021	194,824	95,761	39,625	330,210	37,738	25,159	393,107	389,388
In-kind services	6,919	27,061	24,636	29,711	88,327	-	10,142	98,469	-	-	98,469	142,754
Insurance	3,303	10,689	28,653	11,344	53,989	18,773	6,876	79,638	5,323	6,084	91,045	92,973
Interest	-	-	-	527	527	-	-	527	-	-	527	18,729
Job training	-	-	10,500	-	10,500	32,200	-	42,700	-	-	42,700	58,977
Learning center activities	-	-	-	-	-	91,389	-	91,389	-	-	91,389	90,621
Office expenses & supplies	1,881	6,103	4,891	3,665	16,540	24,417	9,105	50,062	59,774	33,496	143,332	167,169
Professional fees	4,599	14,803	12,226	8,390	40,018	26,196	9,557	75,771	10,068	9,023	94,862	86,333
Repairs and maintenance	4,751	53,644	59,081	52,704	170,180	63,002	16,559	249,741	6,102	6,344	262,187	281,109
Technology expense	1,380	4,320	3,561	2,210	11,471	13,679	2,765	27,915	2,382	14,896	45,193	94,015
Telephone	1,220	3,613	8,142	3,629	16,604	8,031	2,054	26,689	4,337	2,511	33,537	37,647
Utilities	15,329	49,845	104,928	157,286	327,388	92,598	28,810	448,796	2,454	2,792	454,042	422,724
Transportation expense	6,639	47,661	4,831	4,628	63,759	-	8,196	71,955	1,524	1,894	75,373	89,423
Bad debt	-	-	-	-	-	-	-	-	-	-	-	3,904
<b>Subtotal</b>	312,822	1,175,263	1,039,810	1,052,014	3,579,909	1,307,755	340,096	5,227,760	521,126	528,386	6,277,272	6,287,691
Depreciation	8,718	45,014	80,351	248,789	382,872	135,587	32,897	551,356	130,571	-	681,927	717,947
<b>Total functional expenses</b>	\$ 321,540	\$ 1,220,277	\$ 1,120,161	\$ 1,300,803	\$ 3,962,781	\$ 1,443,342	\$ 372,993	\$ 5,779,116	\$ 651,697	\$ 528,386	\$ 6,959,199	\$ 7,005,638

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Statement of Functional Expenses  
Year Ended December 31, 2016

	Program Services										
	Housing Programs				Total Housing Programs	Client Counseling and Other Services	Thrift Store	Total Program Services	Management and General	Development (Fundraising)	Total
Outreach	Emergency	Transitional	Permanent								
Salaries	\$ 100,714	\$ 339,414	\$ 357,308	\$ 204,513	\$ 1,001,949	\$ 568,785	\$ 156,680	\$ 1,727,414	\$ 296,228	\$ 320,517	\$ 2,344,159
Payroll taxes and benefits	20,624	58,578	63,398	35,327	177,927	122,723	31,365	332,015	49,566	53,228	434,809
Personnel expenses	1,000	3,223	2,834	1,316	8,373	7,171	1,886	17,430	18,781	2,516	38,727
Total salaries and related expenses	122,338	401,215	423,540	241,156	1,188,249	698,679	189,931	2,076,859	364,575	376,261	2,817,695
Client services	41,263	102,546	112,533	127,906	384,248	45,500	8,047	437,795	14,795	6,914	459,504
Contract labor	-	-	-	-	-	311	-	311	-	-	311
Dental clinic expenses	36,660	120,720	128,011	149,911	435,302	-	-	435,302	-	-	435,302
Marketing	30	67	56	37	190	341	5,071	5,602	849	50,837	57,288
Food	64,920	154,500	116,954	203,259	539,633	-	105	539,738	1,465	622	541,825
In-kind lease space	26,167	65,417	68,688	32,709	192,981	94,855	39,250	327,086	37,381	24,921	389,388
In-kind services	7,638	24,179	27,406	28,753	87,976	-	54,778	142,754	-	-	142,754
Insurance	3,737	8,412	27,164	10,756	50,069	18,744	5,152	73,965	9,577	9,431	92,973
Interest	-	-	-	527	527	-	-	527	18,202	-	18,729
Job training	-	10,500	14,000	7,000	31,500	22,553	-	54,053	-	4,924	58,977
Learning center activities	-	-	-	-	-	90,621	-	90,621	-	-	90,621
Office expenses & supplies	2,324	8,677	8,094	9,037	28,132	22,709	9,046	59,887	56,416	50,866	167,169
Professional fees	1,726	4,528	3,604	3,387	13,245	11,705	2,596	27,546	53,920	4,867	86,333
Repairs and maintenance	5,605	21,887	77,339	65,452	170,283	86,292	9,456	266,031	7,569	7,509	281,109
Technology expense	4,328	9,590	8,283	5,225	27,426	23,412	5,531	56,369	13,965	23,681	94,015
Telephone	1,447	3,968	8,015	3,204	16,634	8,664	1,993	27,291	6,996	3,360	37,647
Utilities	14,615	47,517	105,757	130,983	298,872	90,104	23,993	412,969	5,758	3,997	422,724
Transportation expense	7,118	52,094	5,399	6,107	70,718	-	13,630	84,348	2,479	2,596	89,423
Bad debt	-	3,904	-	-	3,904	-	-	3,904	-	-	3,904
<b>Subtotal</b>	<b>339,916</b>	<b>1,039,721</b>	<b>1,134,843</b>	<b>1,025,409</b>	<b>3,539,889</b>	<b>1,214,490</b>	<b>368,579</b>	<b>5,122,958</b>	<b>593,947</b>	<b>570,786</b>	<b>6,287,691</b>
Depreciation	11,968	56,754	102,548	233,943	405,213	125,894	22,688	553,795	164,152	-	717,947
<b>Total functional expenses</b>	<b>\$ 351,884</b>	<b>\$ 1,096,475</b>	<b>\$ 1,237,391</b>	<b>\$ 1,259,352</b>	<b>\$ 3,945,102</b>	<b>\$ 1,340,384</b>	<b>\$ 391,267</b>	<b>\$ 5,676,753</b>	<b>\$ 758,099</b>	<b>\$ 570,786</b>	<b>\$ 7,005,638</b>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Statements of Cash Flows**

	Year Ended December 31	
	2017	2016
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 812,092	\$ 1,606,107
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	681,927	717,947
Amortization of loan costs	527	527
Realized and unrealized gains on investments	(535,811)	(233,779)
Donated investments	(120,051)	(70,905)
(Gain) loss on perpetual trust assets	(28,817)	491
Gain on disposal of property and equipment	-	(26,081)
Forgiveness of debt	(41,666)	(41,667)
Decrease (increase) in operating assets		
Grants receivable	158,561	(151,507)
Accounts receivable - other	679	1,846
Prepaid expenses	(464)	36,252
Promises to give	(75,157)	(20,344)
Other assets	969	6,920
(Decrease) increase in operating liabilities		
Accounts payable and accrued liabilities	(9,362)	(11,980)
Deferred revenue	-	(17,253)
Accrued payroll	79	20,927
Net cash provided by operating activities	<u>843,506</u>	<u>1,817,501</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(546,226)	(2,435,191)
Proceeds from sale of investments	682,077	2,005,742
Purchases of property and equipment	(396,090)	(115,439)
Proceeds from disposal of property and equipment	-	62,667
Net cash used by investing activities	<u>(260,239)</u>	<u>(482,221)</u>
<b>Cash flows from financing activities</b>		
Repayment of debt	-	(955,000)
<b>Increase in cash and cash equivalents</b>	<b>583,267</b>	<b>380,280</b>
<b>Cash and cash equivalents at beginning of year</b>	<u>574,507</u>	<u>194,227</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,157,774</u>	<u>\$ 574,507</u>
<b>Supplemental disclosure</b>		
Cash paid for interest	\$ -	\$ 18,202
Transfers from construction in progress to property and equipment	<u>\$ 19,846</u>	<u>\$ -</u>

## Note A - Organization and Summary of Significant Accounting Policies

### *Organization and Purpose*

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program (the Organization) is a nonprofit organization founded in 1986 whose mission is to provide homeless and low-income individuals and families with housing, food, clothing, and support services necessary to obtain self-sufficiency and improved quality of life. Funds used for operations are received from federal, state, local, and private sources.

The Organization provides emergency, transitional, and permanent housing for men, women, children, and veterans, including those with mental illnesses. The Organization offers a full continuum of shelter care for the entire homeless population and, with its community partners, provides residents access to a wide range of support services.

### *Housing Programs*

Services provide for outreach, emergency, transitional, and permanent housing needs, clothing, food, personal care, life skills, case management, and transportation costs of the residents.

### *Support Services*

- Benefits Coordinator – The HEP Benefits Coordinator assists residents in acquiring needed documents and services on their path to self-sufficiency (i.e. VA benefits, health care insurance, Social Security, etc.).
- Children’s Learning Center - A partnership with R’Club Child Care, Inc. to provide before and after school care, transportation, and a summer camp program. The program provides academic and social skill building assistance for school age youth.
- Community Garden - HEP’s community garden not only provides fresh, organic produce to help our dining hall be self-sustaining, but it also provides a learning opportunity, a therapeutic outlet for residents to remain physically active, and keeps them productively engaged in the community.
- Community Housing Assistance Program (CHAP) is available to assist eligible applicants avoid potential homelessness by eliminating rental payments in arrears, providing one-on-one housing counseling to ensure stability of their new housing situation, and by providing move-in costs in instances of homelessness.
- Counseling - Services include substance abuse care and alcohol treatment, recovery services, vocational and employment training, mental health therapy (individual, group, and families), and public benefits access.
- Dental and Wellness Clinic - The Dental and Wellness Clinic provides free, quality, and comprehensive dental and wellness services to uninsured/underinsured homeless and at-risk individuals residing at HEP, and our community partners, regardless of their ability to pay. Services include a full range of dental care and chronic pain and disease self-management workshops, healthcare navigation, nutritional counseling, onsite psychiatric nurse practitioner and canine assisted therapy services provided by HEP staff and volunteer dental and healthcare professionals.
- Food and Nutrition - Onsite kitchen and dining hall provides three meals a day, seven days a week. A contracted licensed nutritionist provides one-on-one consultation to residents to support healthy eating habits and meal planning.

## Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

### Notes to Financial Statements

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- Medical Care – The Morton Plant Outreach (MPOT) program is provided onsite through a partnership with an outreach team from Morton Plant Hospital and Baycare Health Systems. The services include medical assessments, laboratory services, and treatments for nonemergency illnesses or injuries offered by an on-site staff of licensed practical nurses, nurse practitioners, and case managers.
- Thrift Store - Onsite store provides clients with job training, clothes, and household items. All store proceeds are invested into the operations of the Organization.
- Transportation - Services include transportation services of two roundtrips each weekday for veterans to Bay Pines Hospital, and transportation two and from school and activities for school aged children in the Children’s Learning Center.
- Veterans Clubhouse - The Veteran’s Clubhouse provides a place of camaraderie where vets from all generations can gather together for support. The Clubhouse also employs HEP Activity Coordinators, who organize group outings and volunteer opportunities for our Veteran population, so they can once again become active participants in the community as civilians.
- Workforce Development – Pathways to Employment, a partnership between HEP and BizTech Career Centers, seeks to address the issues of unemployment, underemployment and financial instability among homeless and at-risk individuals and families. This unique program is designed to provide demand-driven skills training so that our clients have skills to compete and prosper in the workforce.

#### *Basis of Presentation*

The Organization’s financial statements are prepared on the accrual basis of accounting.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### *Reclassifications*

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. The reclassifications had no effect on previously reported changes in net assets.

#### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments with maturities of 3 months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, the Organization considers all highly liquid investments designated for long-term purposes to be investments, not cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

#### *Grants Receivable*

The Organization records a receivable and grant income at the time grant funds are due from the grantor. Management estimates the allowance for uncollectible grants based on a review of the individual grant receivables outstanding as of the end of the year. As of December 31, 2017, and 2016, the Organization considers all grants receivable to be fully collectible.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
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*Investments*

Investments are carried at fair value. Donated investments are recorded at fair value at the time of receipt.

*Fair Value*

The Organization follows accounting guidance that defines fair value and specifies a hierarchy of valuation techniques. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The Organization measures investments at fair value on a recurring basis.

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that are accessible by the Organization.

Level 2 - Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable, but are derived from or corroborated by observable market data.

Level 3 - Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Organization evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. The Organization employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

*Promises to Give*

Unconditional promises to receive cash or other assets in the future are recorded as contributions revenue (temporarily restricted) and promises to give. Promises to give, less an allowance for uncollectible accounts, are reported at the net present value using an interest rate determined by management to be appropriate for the expected terms of the promise to give. The rate applied for the years ended December 31, 2017 and 2016 was 3.34%.

*Property and Equipment*

Property and equipment are carried at cost. Donated property and equipment are recorded at fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which can range as follows:

Buildings	20-30 years
Improvements	10-30 years
Furniture and equipment	3-10 years

The Organization's expenditure capitalization policy is \$5,000 for assets with an estimated useful life in excess of one year.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
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Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in other future authorized programs; however, its disposition and ownership of any proceeds are subject to applicable regulations.

*Loan Costs*

Loan costs are presented as a reduction of long-term debt on the accompanying statement of financial position. Loan costs are amortized over the life of the related loan and recorded as interest expense in the accompanying statements of activities and changes in net assets.

*Net Assets and Revenue Recognition*

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted Net Assets - include net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets - include gifts subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.
- Permanently Restricted Net Assets - include gifts for which the corpus is permanently endowed.

Donor-restricted support is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction ends, or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Contributions*

Contributions, including unconditional promises to give, are recorded when received. Contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*In-Kind Contributions*

Contributed use of facilities is recorded as support at its estimated fair rental value during the period of use. Other tangible donations are recorded as support at their estimated fair value during the period of use. Contributed services that require specialized skills (attorneys, computer consultants, etc.) are recorded in the statements of activities and changes in net assets as unrestricted support at their estimated fair value. A number of unpaid volunteers, including board members, have made significant contributions of their time to develop the Organization's programs and special events. The value of this contributed time is not reflected in the statements of activities and changes in net assets, since it is not susceptible to objective measurement or valuation. Total volunteer hours contributed were approximately 18,700 and 23,400 for the years ended December 31, 2017 and 2016, respectively.

The Organization receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store.

# Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

## Notes to Financial Statements

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The Organization believes that the inventory of contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that donated inventory has value. Accordingly, contributed goods and materials are not valued prior to being offered for sale, and no revenue is recognized until the date of sale. There is no contributions revenue recorded in the accompanying financial statements as of December 31, 2017 or 2016 associated with this inventory.

### *Functional Expenses*

The cost of providing the various programs and other activities has been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities and changes in net assets.

Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure and classification. Management and general expenses that are not directly allocable are allocated based on their estimated usage in each program or supporting service.

### *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation (within the meaning of Section 509(a)(1) of the Internal Revenue Code). As such, no provision for income tax expense has been made in the accompanying financial statements.

### **Note B - Concentration of Credit Risk**

The Organization maintains cash and cash equivalent balances that at times throughout the year may exceed FDIC insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant risk of loss on cash.

### **Note C - Investments**

Investments are summarized as follows at December 31:

	Market	Cost
<i>2017</i>		
Money market funds	\$ 527,568	\$ 527,203
Fixed income securities	1,017,326	1,011,832
Equities	3,288,999	2,213,382
Commodities	62,164	77,375
	<u>\$4,896,057</u>	<u>\$3,829,792</u>
<i>2016</i>		
Money market funds	\$ 616,112	\$ 615,933
Fixed income securities	926,276	928,600
Equities	2,615,895	2,059,825
Commodities	78,520	93,940
Real estate	139,243	118,228
	<u>\$4,376,046</u>	<u>\$3,816,526</u>



**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
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Investment return consists of the following for the years ended December 31:

	2017	2016
Dividends and interest	\$ 103,813	\$ 95,411
Realized gains	60,205	50,628
Unrealized gains	475,606	183,151
	<u>639,624</u>	<u>329,190</u>
Change in market value of beneficial interest in perpetual trust	28,817	(491)
	<u>\$ 668,441</u>	<u>\$ 328,699</u>

Investments are pledged as collateral for the loan payable (Note I).

**Note D - Promises to Give**

Promises to give are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Estimated fair value of the promises to give of \$109,677 and \$34,520 as of December 31, 2017 and 2016, respectively, is determined by calculating the present value of the future payments expected to be received, using the payment schedule established by the donor, and a discount rate of 3.34%. At December 31, 2017, promises to give are due in less than one year and classified as current in the accompanying statement of financial position.

**Note E - Property and Equipment**

Property and equipment consists of the following at December 31:

	2017	2016
Buildings	\$ 11,847,913	\$ 11,847,913
Building improvements	2,451,080	2,158,943
Construction in progress	5,205	25,051
Land	685,610	685,610
Land improvements	42,824	42,824
Furniture, fixtures, and equipment	1,354,007	1,230,208
	<u>16,386,639</u>	<u>15,990,549</u>
Less: accumulated depreciation	(6,424,939)	(5,743,012)
	<u>\$ 9,961,700</u>	<u>\$ 10,247,537</u>

Depreciation expense is \$681,927 and \$717,947 for the years ended December 31, 2017 and 2016, respectively.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress, until such time as the relevant assets are completed and put into use. Construction in progress at December 31, 2017 and 2016 represents renovations of the family transitional building.

**Note F - Beneficial Interest in Perpetual Trust**

The Organization is an income beneficiary of a perpetual trust held by a third party. The Organization's beneficial interest in this perpetual trust is measured based on the fair value of the trust assets. The change in the fair value of the trust assets is reported as a permanently restricted gain or loss. Income distributions from the trust are reported as unrestricted contributions. The balance was \$390,778 and \$361,961 at December 31, 2017 and 2016, respectively.

Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program

Notes to Financial Statements

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**Note G - Fair Value of Financial Instruments**

The fair value of certain of the Organization's financial instruments, including cash, grants receivable, accounts receivable - other, prepaid expenses, accounts payable and accrued liabilities, accrued payroll, security deposits, and loans payable approximate cost because of their short-term nature. The fair value of the Organization's mortgages payable is considered to be comparable to the loan value of the obligation.

The classification within the fair value hierarchy of assets measured at fair value on a recurring basis is as follows at December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>2017</i>				
Investments				
Money market funds	\$ 527,568	\$ 527,568	\$ -	\$ -
Fixed income securities	1,017,326	-	1,017,326	-
Equities	3,288,999	3,288,999	-	-
Commodities	62,164	-	62,164	-
Total investments	4,896,057	3,816,567	1,079,490	-
Beneficial interest in perpetual trust	390,778	-	-	390,778
	<u>\$ 5,286,835</u>	<u>\$ 3,816,567</u>	<u>\$ 1,079,490</u>	<u>\$ 390,778</u>
<i>2016</i>				
Investments				
Money market funds	\$ 616,112	\$ 616,112	\$ -	\$ -
Fixed income securities	926,276	-	926,276	-
Equities	2,615,895	2,615,895	-	-
Commodities	78,520	-	78,520	-
Real estate	139,243	-	139,243	-
Total investments	4,376,046	3,232,007	1,144,039	-
Beneficial interest in perpetual trust	361,961	-	-	361,961
	<u>\$ 4,738,007</u>	<u>\$ 3,232,007</u>	<u>\$ 1,144,039</u>	<u>\$ 361,961</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Beneficial Interest in Perpetual Trust
December 31, 2016	\$ 361,961
Change in value	28,817
December 31, 2017	<u>\$ 390,778</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
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**Note H - Mortgages Payable**

*Mortgages Payable*

Mortgages payable, net of discounts consist of the following at December 31:

	2017	2016
Mortgages payable to Pinellas County (Pinellas County Community Development), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2038. In the event the Organization was to dispose of or alter the use of the property within the specified time period, a pro rata share would be required to be returned to Pinellas County.	<b>\$ 309,268</b>	<b>\$ 309,268</b>
Mortgage payable to Pinellas County (Community Development Block Grants/Entitlement Grants), no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2021. In the event the Organization was to dispose of or alter the use of the property within the specified time period, a pro rata share would be required to be returned to Pinellas County.	<b>100,000</b>	<b>100,000</b>
Mortgage payable to Pinellas County (Home Investment Partnerships Program), monthly principal and interest payments of \$6,311 required beginning November 1, 2019; 3% annual interest rate; collateralized by real property; \$299,250 forgiven if the property continues to be used for its intended purpose through 2044.	<b>1,800,000</b>	<b>1,800,000</b>
Mortgage payable to City of Clearwater Economic Development and Housing Department (Pinellas County Community Housing Trust Fund Program - \$274,335 and Home Investment Partnerships Program - \$823,005); monthly principal and interest payments of \$3,365 required beginning January 2020; 3% annual interest rate; collateralized by real property; \$299,250 forgiven if the property continues to be used for its intended purpose through 2044. If the Organization was to dispose of or alter the use of the property within the specified time period, the entire loan balance and interest at 3% would be required to be paid to the City of Clearwater.	<b>1,097,340</b>	<b>1,097,340</b>
Mortgage payable to Clearwater Homeless Intervention Project, Inc., no principal payments required, interest free, collateralized by real property, forgiven if the property continues to be used for its intended purpose through 2021. Beginning in 2016, \$41,667 is forgiven each year. The principal and interest will be forgiven in full if the property is not sold within 10 years.	<b>166,667</b>	<b>208,333</b>
Less unamortized loan costs	<b>3,473,275</b> <b>(13,699)</b>	<b>3,514,941</b> <b>(14,226)</b>
	<b>\$ 3,459,576</b>	<b>\$ 3,500,715</b>

Future maturities of mortgages payable are as follows:

Years ending December 31	Expected		
	Principal	Forgiveness	Total
2018	\$ -	\$ 41,667	\$ 41,667
2019	6,738	41,667	48,405
2020	58,102	41,667	99,769
2021	59,353	141,666	201,019
2022	60,643	-	60,643
Thereafter	2,114,004	907,768	3,021,772
	<b>\$ 2,298,840</b>	<b>\$ 1,174,435</b>	<b>\$ 3,473,275</b>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
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*Loan Costs*

Loan costs consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Loan costs	\$ 14,753	\$ 14,753
Less accumulated amortization	(1,054)	(527)
	<u>\$ 13,699</u>	<u>\$ 14,226</u>

Interest expense related to amortization of loan costs was \$527 for each of the years ended December 31, 2017 and 2016.

**Note I - Loans Payable**

The Organization has an agreement with Bank of America for a \$1.4 million line of credit. Borrowings under the credit line carry an interest rate of LIBOR plus 1.5% (3.21% and 2.24% at December 31, 2017 and 2016, respectively). The Organization is able to request Bank of America to make demand loans in the aggregate principal amount that would not cause the total amount outstanding to be in excess of \$1.4 million. Bank of America may decline any request at its sole discretion, with or without cause. The loan payable is due on demand and collateralized by unrestricted investments. The amount outstanding was \$0 at December 31, 2017 and 2016. The Organization paid \$0 and \$18,202 in interest associated with this line of credit for the years ended December 31, 2017 and 2016, respectively.

During May 2016, the Organization entered into an agreement with Synovus Bank for \$500,000 credit facility to be used for working capital needs. Borrowings under this credit line carry an interest rate of 4%. There was no amount outstanding at December 31, 2017 and 2016. The Organization paid no interest associated with this credit line for the years ended December 31, 2017 and 2016.

**Note J - Recent Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, to improve financial reporting to provide users of financial statements more useful information. The standard is effective for nonpublic entities for fiscal years beginning after December 15, 2017 (the Organization's December 31, 2018 financial statements); early adoption is permitted. The Organization is currently evaluating the impact of this accounting standard on its financial statements.

**Note K - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Time restricted:		
Grants receivable	\$ -	\$ 50,000
Promises to give	109,677	34,520
Purpose restricted:		
HEP West housing for U.S. veterans of the wars fought in Iraq and Afghanistan	7,593	7,593
	<u>\$ 117,270</u>	<u>\$ 92,113</u>

### **Note L - Permanently Restricted Net Assets**

Permanently restricted net assets consist of the beneficial interest in perpetual trust (Note F) and the donor-restricted endowment (Note M). At December 31, 2017 and 2016, the permanently restricted net asset balance was \$590,778 and \$590,372, respectively.

### **Note M - Endowments**

The Organization's endowments include both donor-restricted and board-designated funds.

#### *Donor Restricted*

The endowment fund was established in 2006 with a donor-restricted contribution of \$200,000. According to the agreement, the original \$200,000 corpus is not subject to withdrawal, and income from the fund is available for the purchase of fixed income assets and is only allowed to be withdrawn to the extent that the income, net of all expenses of the fund, exceeds one-half of the Consumer Price Index as published in the Wall Street Journal for the calendar year preceding any withdrawals. The right to withdrawal is non-cumulative. In November 2017, the endowment fund agreement was amended by the donor to eliminate all previous restrictions. The original \$200,000 corpus plus all cumulative earnings may now be co-invested with the Organization's investments; however, the balance of this fund may never fall below \$200,000. If the balance falls below \$200,000, then no further withdrawals from the account can be made including interest and/or dividend income until such time as the balance exceeds \$200,000. If circumstances for the Organization become financially catastrophic, a portion of the original contribution may be spent with approval by at least 75% of the board.

With respect to the donor-restricted endowment, the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the donor-restricted permanent endowment, (b) the original value of subsequent gifts to the donor-restricted permanent endowment, and (c) accumulations to the donor-restricted permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Florida UPMIFA.

In accordance with Florida UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

#### *Board Designated*

The board designated endowment fund was established by the board of directors to benefit the Organization by providing regular, predictable operating income that will help fill gaps caused by increasing costs, demands, and the possibility of diminishing government support. Management expects the principal to be preserved; however, the principal and earnings are available to provide support for the Organization's programs and facilities.

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
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*Investment Return Objectives, Risk Parameters, and Strategies*

The Organization has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the objective for the portfolio is a balanced return focusing on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income and where appropriate other asset classes.

Endowment assets are invested in a well-diversified asset mix, including equity and debt securities, intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund is as follows as of December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>2017</i>				
Donor restricted endowment funds	\$ -	\$ -	\$ 200,000	\$ 200,000
Board designated endowment funds	4,470,703	-	-	4,470,703
	<u>\$ 4,470,703</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 4,670,703</u>
<i>2016</i>				
Donor restricted endowment funds	\$ -	\$ -	\$ 228,411	\$ 228,411
Board designated endowment funds	4,099,013	-	-	4,099,013
	<u>\$ 4,099,013</u>	<u>\$ -</u>	<u>\$ 228,411</u>	<u>\$ 4,327,424</u>

Changes in endowment net assets are as follows for the years ended December 31:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
<i>2017</i>				
Endowment net assets, beginning	\$ 4,099,013	\$ -	\$ 228,411	\$ 4,327,424
Contributions	10,094	-	-	10,094
Investment income	632,929	-	5,058	637,987
Distributions	(304,802)	-	-	(304,802)
Transfers between classes	33,469	-	(33,469)	-
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, ending	<u>\$ 4,470,703</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 4,670,703</u>
<i>2016</i>				
Endowment net assets, beginning	\$ 3,350,614	\$ -	\$ 222,560	\$ 3,573,174
Contributions	2,437,594	-	-	2,437,594
Investment income	323,989	-	5,851	329,840
Distributions	(2,013,184)	-	-	(2,013,184)
Transfers between classes	-	-	-	-
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, ending	<u>\$ 4,099,013</u>	<u>\$ -</u>	<u>\$ 228,411</u>	<u>\$ 4,327,424</u>

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**Note N - In-Kind Revenue and Expenses**

Included as unrestricted support and expense are the following in-kind contributions for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Food	\$ 544,185	\$ 459,095
Lease space	393,109	389,388
Dental services	483,900	405,789
Psychiatric counseling	85,086	85,086
Thrift store	10,142	54,778
Other	3,241	3,590
	<u>\$ 1,519,663</u>	<u>\$ 1,397,726</u>

As discussed in Note A, contributed services and tangible donations are recorded at their estimated fair values. The Thrift Store in-kind contributions recorded above are only for clothing provided to clients.

**Note O - Leases**

The Organization leases real property from Everybody's Tabernacle (Church), a local community church, for its service building at an annual nominal rate of \$12,000 per year for a term of 20 years expiring 2028, compounding at a rate of 2% per year.

The dental clinic, as well as the houses and dormitories used in emergency and transitional housing for the homeless, are leased from the Church for one year at \$1 per year. The fair rental value of \$393,109 and \$389,388 was recognized as in-kind contributions revenue and in-kind lease space expenses in the accompanying financial statements for the years ended December 31, 2017 and 2016, respectively.

**Note P - Related Parties**

The pastor and the president of the Church serve on the board of directors. In 2017 and 2016, the Church leased real property to the Organization for a nominal rate.

For each of the years ended December 31, 2017 and 2016, the Church reimbursed the Organization approximately \$20,000 for salaries and benefits for the Church's receptionist.

The Organization rents two houses from its founder emeritus for \$1,500 a month. Total rent paid to the founder emeritus for each of the years ended December 31, 2017 and 2016 was \$18,000.

**Note Q - Contingencies**

The Organization is subject to federal and state examination to determine compliance with grant funding requirements. In the event that expenditures are disallowed, repayment could be required. It is the opinion of management that no expenditures will be disallowed.

**Note R - Subsequent Events**

Management has evaluated all events subsequent to the statement of financial position date of December 31, 2017 through May 21, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustment to, or disclosure in, the accompanying financial statements.

## **Supplementary Information**



**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2017**

Federal Agency <i>Pass-through Entity</i> Federal Program	Identifying Number	CFDA Number	Expenditures	Transfers to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through Pinellas County</i>				
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$ 100,000 *	\$ -
Community Development Block Grants/Entitlement Grants	N/A	14.218	50,370	-
<i>Passed through City of Clearwater</i>				
Community Development Block Grants/Entitlement Grants	N/A	14.218	13,471	-
Community Development Block Grants/Entitlement Grants	N/A	14.218	5,000	-
Total for CFDA #14.218			<u>168,841</u>	<u>-</u>
<i>Passed through Florida Department of Children and Families</i>				
Emergency Solutions Grant Program	ESG17	14.231	108,865	-
Emergency Solutions Grant Program	QP27A	14.231	42,684	-
Emergency Solutions Grant Program	QP17D-ESG17-E	14.231	59,994	-
Total for CFDA #14.231			<u>211,543</u>	<u>-</u>
<i>Direct award</i>				
Supportive Housing Program	FL0035L4H021507	14.235	48,674	-
Supportive Housing Program	FL0030L4H021508	14.235	95,604	-
Total for CFDA #14.235			<u>144,278</u>	<u>-</u>
<i>Passed through City of Clearwater</i>				
HOME Investment Partnerships Program	N/A	14.239	823,005 *	-
<i>Passed through Pinellas County</i>				
HOME Investment Partnerships Program	N/A	14.239	1,800,000 *	-
Total for CFDA #14.239			<u>2,623,005</u>	<u>-</u>
<i>Direct award</i>				
Section 8 Housing Choice Vouchers	N/A	14.871	103,750	-
Total U.S. Department of Housing and Urban Development			<u>3,251,417</u>	<u>-</u>
<b>U.S. Department of Transportation</b>				
<i>Direct award</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	GOC90	20.513	17,339	-
Total U.S. Department of Transportation			<u>17,339</u>	<u>-</u>
<b>U.S. Department of Veteran Affairs</b>				
<i>Direct award</i>				
VA Homeless Providers Grant and Per Diem Program	N/A	64.024	203,582	-
VA Homeless Providers Grant and Per Diem Program	N/A	64.024	182,473	-
VA Homeless Providers Grant and Per Diem Program	N/A	64.024	118,688	-
Total U.S. Department of Veteran Affairs			<u>504,743</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
<i>Direct award</i>				
Emergency Food and Shelter	N/A	97.024	3,449	-
Emergency Food and Shelter	N/A	97.024	12,286	-
Total U.S. Department of Homeland Security			<u>15,735</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,789,234</u>	<u>\$ -</u>

\* Represents the balance of a loan from a previous year for which the federal government imposes continuing compliance requirements

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2017**

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**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program (the Organization). The information in the schedule is presented in accordance with the requirements of Subpart F Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Some amounts presented in the schedule may differ from amounts presented or used in the preparation of the financial statements.

**Note B - Summary of Significant Accounting Policies**

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 limited as to reimbursement.

**Note C - Indirect Costs**

The Organization did not elect to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

**Note D - Loans**

The Organization had the following loan balances at December 31, 2017:

<b>CFDA Number</b>	<b>Description</b>	<b>Original Loan Amount</b>	<b>Balance at January 1, 2017</b>	<b>Additional Loan Funding</b>	<b>Balance at December 31, 2017</b>
14.218	Community Development Block Grants/Entitlement Grants	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
14.239	Home Investment Partnerships Program	\$ 823,005	\$ 823,005	\$ -	\$ 823,005
14.239	Home Investment Partnerships Program	\$1,800,000	\$1,800,000	\$ -	\$ 1,800,000

**Note E - Contingencies**

Expenditures incurred by the Organization are subject to audit and possible disallowance by the federal grantor agencies. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



**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***

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

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 Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program, which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2018.

**Internal Control Over Financial Reporting**

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

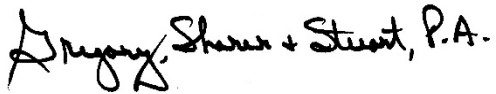
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**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 Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gregory, Sharer & Stuart, P.A.**A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." in a cursive script.

St. Petersburg, Florida  
May 21, 2018



**Independent Auditor's Report  
on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance**

Board of Directors  
Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program  
Clearwater, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs for the year ended December 31, 2017. Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program 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, 2017.

## Report on Internal Control over Compliance

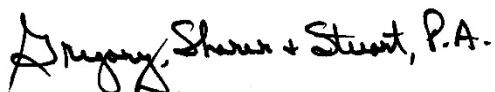
Management of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

**Gregory, Sharer & Stuart, P.A.**

A handwritten signature in black ink that reads "Gregory, Sharer & Stuart, P.A." The signature is written in a cursive, flowing style.

St. Petersburg, Florida  
May 21, 2018

**Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2017**

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**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?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Type of auditor's reports issued on compliance for federal awards: Unmodified

Internal control over major federal programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  X  </u> None reported

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program

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

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

None reported.

**Section III - Federal Awards Findings and Questioned Costs**

None reported.

**Section IV - Other Matters**

No summary schedule of prior audit findings is required because there were no prior audit findings.

No corrective action plan is required because there were no findings required to be reported.