# Homeless Empowerment Program

Financial Report and Compliance Report
December 31, 2019

**Contents**

## Independent Auditor's Report

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

**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 statement of financial position as of December 31, 2019, the related statement 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.

**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 audit. 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. Those standards require that we plan and perform the audit 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, 2019 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.

## Other Matters

***Report on Summarized Comparative Information***

The financial statements of the Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program, as of any for the year ended December 31, 2018, were audited by other auditors, whose report, dated May 29, 2019, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2019 is derived from those financial statements.

***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 Subpart F 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 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 June 17, 2020 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 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 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.

RSM US LLP

St. Petersburg, Florida
June 17, 2020

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

**Statement of Financial Position**
**December 31, 2019**
**(With Comparative Totals for 2018)**

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | 2018 Total |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 632,404 | $ 276,610 | $ 909,014 | $ 1,041,157 |
| Grants receivable | 227,117 | - | 227,117 | 196,182 |
| Accounts receivable – other | 21,889 | - | 21,889 | 1,912 |
| Prepaid expenses | 105,078 | - | 105,078 | 61,809 |
| Investments | 815,518 | - | 815,518 | 725,081 |
| Unconditional promises to give | 22,804 | 25,000 | 47,804 | 28,557 |
| Estate receivables | - | 3,332,072 | 3,332,072 | - |
| Other assets | 7,309 | - | 7,309 | 7,145 |
| **Total current assets** | 1,832,119 | 3,633,682 | 5,465,801 | 2,061,843 |
| Noncurrent assets: | | | | |
| Property and equipment, net | 9,892,031 | - | 9,892,031 | 9,522,423 |
| Investments | 5,091,389 | 243,959 | 5,335,348 | 4,373,980 |
| Beneficial interest in trusts | - | 1,090,796 | 1,090,796 | 348,258 |
| **Total noncurrent assets** | 14,983,420 | 1,334,755 | 16,318,175 | 14,244,661 |
| **Total assets** | $ 16,815,539 | $ 4,968,437 | $ 21,783,976 | $ 16,306,504 |
| **Liabilities and Net Assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 237,249 | $ - | $ 237,249 | $ 89,520 |
| Accrued payroll | 73,223 | - | 73,223 | 59,253 |
| Security deposits | 890 | - | 890 | 890 |
| **Total current liabilities** | 311,362 | - | 311,362 | 149,663 |
| Mortgages payable, net of mortgage costs | 3,750,376 | - | 3,750,376 | 3,418,437 |
| **Total liabilities** | 4,061,738 | - | 4,061,738 | 3,568,100 |
| Net assets | | | | |
| Without donor restrictions | 7,662,412 | - | 7,662,412 | 7,861,575 |
| Without donor restrictions – board designated | 5,091,389 | - | 5,091,389 | 4,173,980 |
| **Total without donor restrictions** | 12,753,801 | - | 12,753,801 | 12,035,555 |
| With donor restrictions | - | 4,968,437 | 4,968,437 | 702,849 |
| **Total net assets** | 12,753,801 | 4,968,437 | 17,722,238 | 12,738,404 |
| **Total liabilities and net assets** | $ 16,815,539 | $ 4,968,437 | $ 21,783,976 | $ 16,306,504 |

See notes to financial statements.

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

**Statement of Activities and Changes in Net Assets**
**Year Ended December 31, 2019**
**(With Comparative Totals for 2018)**

| | 2019 | | | |
|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | 2018 Total |
| Public support and revenue: | | | | |
| Contributions | **$ 1,032,037** | **$ 54,716** | **$ 1,086,753** | $ 1,091,028 |
| Estates and trusts | **356,514** | **4,025,441** | **4,381,955** | 515,583 |
| In-kind contributions – services and other | **1,557,469** | **-** | **1,557,469** | 1,473,986 |
| Grants | **2,560,621** | **214,423** | **2,775,044** | 2,787,236 |
| Client fees | **357,765** | **-** | **357,765** | 335,666 |
| Special events revenue, net | **126,977** | **-** | **126,977** | 91,109 |
| Thrift store sales | **356,624** | **-** | **356,624** | 273,686 |
| Other | **109,961** | **-** | **109,961** | 99,932 |
| Net assets released from restriction | **141,088** | **(141,088)** | **-** | - |
| **Total public support and revenue** | **6,599,056** | **4,153,492** | **10,752,548** | 6,668,226 |
| Expenses: | | | | |
| Program services | **5,827,080** | **-** | **5,827,080** | 5,722,804 |
| Management and general | **613,129** | **-** | **613,129** | 502,105 |
| Development (fundraising) | **531,226** | **-** | **531,226** | 498,096 |
| **Total expenses** | **6,971,435** | **-** | **6,971,435** | 6,723,005 |
| **Changes in net assets before investment return, net** | **(372,379)** | **4,153,492** | **3,781,113** | (54,779) |
| Investment return, net | **1,090,625** | **112,096** | **1,202,721** | (389,673) |
| **Changes in net assets** | **718,246** | **4,265,588** | **4,983,834** | (444,452) |
| Net assets: | | | | |
| Beginning | **12,035,555** | **702,849** | **12,738,404** | 13,182,856 |
| Ending | **$ 12,753,801** | **$ 4,968,437** | **$ 17,722,238** | $ 12,738,404 |

See notes to financial statements.

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

**Statement of Functional Expenses**
**Year Ended December 31, 2019**
**(With Comparative Totals for 2018)**

| | 2019 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Program Services | | | | | | | | | | | |
| | Housing Programs | | | | | | | | | | | |
| | **Outreach** | **Emergency** | **Transitional** | **Permanent** | **Total Housing Programs** | **Support Services** | **Thrift Store** | **Total Program Services** | **Management and General** | **Development (Fundraising)** | **Total** | 2018 Total |
| Salaries and related expenses: | | | | | | | | | | | | |
| Salaries | **$ 138,702** | **$ 481,108** | **$ 336,388** | **$ 270,563** | **$ 1,226,761** | **$ 428,013** | **$ 188,097** | **$ 1,842,871** | **$ 369,910** | **$ 317,923** | **$ 2,530,704** | $ 2,320,215 |
| Payroll taxes and benefits | **27,960** | **92,225** | **53,475** | **46,260** | **219,920** | **80,720** | **28,508** | **329,148** | **70,381** | **56,697** | **456,226** | 462,233 |
| Personnel expenses | **1,646** | **6,297** | **4,132** | **3,294** | **15,369** | **5,841** | **3,157** | **24,367** | **5,709** | **3,058** | **33,134** | 26,719 |
| **Total salaries and related expenses** | **168,308** | **579,630** | **393,995** | **320,117** | **1,462,050** | **514,574** | **219,762** | **2,196,386** | **446,000** | **377,678** | **3,020,064** | 2,809,167 |
| Client services | **13,376** | **39,250** | **181,458** | **83,712** | **317,796** | **146,187** | **5,071** | **469,054** | **1,171** | **11,079** | **481,304** | 473,298 |
| Contract labor | **-** | **-** | **-** | **-** | **-** | **-** | **1,275** | **1,275** | **-** | **-** | **1,275** | - |
| Dental and Wellness Clinic | **33,560** | **117,982** | **120,573** | **131,303** | **403,418** | **13,898** | **-** | **417,316** | **-** | **-** | **417,316** | 414,331 |
| Marketing | **-** | **2,164** | **-** | **-** | **2,164** | **330** | **930** | **3,424** | **251** | **34,631** | **38,306** | 54,276 |
| Food | **47,639** | **152,807** | **174,101** | **183,255** | **557,802** | **56,283** | **107** | **614,192** | **1,536** | **90** | **615,818** | 623,688 |
| In-kind lease space | **-** | **41,990** | **199,536** | **75,080** | **316,606** | **71,324** | **-** | **387,930** | **22,236** | **20,995** | **431,161** | 398,341 |
| In-kind services | **15,653** | **50,360** | **56,240** | **60,648** | **182,901** | **-** | **-** | **182,901** | **-** | **-** | **182,901** | 129,133 |
| Insurance | **2,934** | **10,495** | **31,329** | **17,427** | **62,185** | **18,134** | **6,531** | **86,850** | **4,344** | **5,282** | **96,476** | 93,948 |
| Interest | **-** | **-** | **-** | **527** | **527** | **-** | **-** | **527** | **-** | **-** | **527** | 527 |
| Job training | **-** | **-** | **3,500** | **-** | **3,500** | **-** | **-** | **3,500** | **-** | **-** | **3,500** | 25,350 |
| Learning center activities | **-** | **-** | **-** | **-** | **-** | **91,755** | **-** | **91,755** | **-** | **-** | **91,755** | 91,276 |
| Office expenses and supplies | **3,153** | **11,454** | **9,069** | **12,915** | **36,591** | **8,792** | **10,390** | **55,773** | **10,890** | **34,150** | **100,813** | 96,488 |
| Professional fees | **1,644** | **5,468** | **4,490** | **3,653** | **15,255** | **10,571** | **3,519** | **29,345** | **2,749** | **2,967** | **35,061** | 34,527 |
| Repairs and maintenance | **18,225** | **34,283** | **50,623** | **82,344** | **185,475** | **24,296** | **23,222** | **232,993** | **5,562** | **6,834** | **245,389** | 229,613 |
| Technology | **2,402** | **8,203** | **6,182** | **8,692** | **25,479** | **18,266** | **5,929** | **49,674** | **2,335** | **30,436** | **82,445** | 49,979 |
| Telephone | **1,083** | **4,627** | **9,364** | **5,128** | **20,202** | **5,329** | **2,038** | **27,569** | **5,041** | **4,154** | **36,764** | 33,542 |
| Utilities | **25,847** | **56,455** | **99,536** | **143,830** | **325,668** | **44,103** | **30,914** | **400,685** | **2,032** | **2,497** | **405,214** | 474,492 |
| Transportation expense | **5,733** | **11,677** | **1,853** | **5,577** | **24,840** | **52,348** | **11,378** | **88,566** | **115** | **433** | **89,114** | 80,170 |
| Depreciation | **334** | **15,158** | **75,241** | **265,568** | **356,301** | **101,807** | **29,257** | **487,365** | **108,867** | **-** | **596,232** | 610,859 |
| **Total functional expenses** | **$ 339,891** | **$ 1,142,003** | **$ 1,417,090** | **$ 1,399,776** | **$ 4,298,760** | **$ 1,177,997** | **$ 350,323** | **$ 5,827,080** | **$ 613,129** | **$ 531,226** | **$ 6,971,435** | $ 6,723,005 |

See notes to financial statements.

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

**Statement of Cash Flows**
**Year Ended December 31, 2019**
**(With Comparative Totals for 2018)**

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Changes in net assets | **$ 4,983,834** | $ (444,452) |
| Adjustments to reconcile changes in net assets to | | |
| net cash provided by operating activities: | | |
| Depreciation | **596,232** | 610,859 |
| Amortization of mortgage costs | **527** | 527 |
| Realized and unrealized (gains) losses on investments | **(1,039,429)** | 423,212 |
| Donated investments | **(56,212)** | (100,751) |
| Contribution of beneficial interest in trusts | **(693,369)** | - |
| Distributions of beneficial interest in trusts | **18,968** | - |
| (Gain) loss on trust assets | **(68,137)** | 42,520 |
| Forgiveness of mortgages payable | **(41,666)** | (41,666) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants receivable | **(30,935)** | 2,259 |
| Accounts receivable – other | **(19,977)** | 52 |
| Prepaid expenses | **(43,269)** | (14,038) |
| Unconditional promises to give | **(19,247)** | 109,677 |
| Estate receivables | **(3,332,072)** | - |
| Other assets | **(164)** | (14,010) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | **147,729** | (5,898) |
| Accrued payroll | **13,970** | 12,139 |
| **Net cash provided by operating activities** | **416,783** | 580,430 |
| Cash flows from investing activities: | | |
| Purchases of investments | **(159,529)** | (674,159) |
| Proceeds from sale of investments | **203,365** | 148,694 |
| Purchases of property and equipment | **(965,840)** | (171,582) |
| **Net cash used in investing activities** | **(922,004)** | (697,047) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of mortgages payable | **373,078** | - |
| **Net cash provided by financing activities** | **373,078** | - |
| **Decrease in cash and cash equivalents** | **(132,143)** | (116,617) |
| Cash and cash equivalents: | | |
| Beginning | **1,041,157** | 1,157,774 |
| Ending | **$ 909,014** | $ 1,041,157 |
| Supplemental schedule of noncash operating and financing activities: | | |
| Contribution of beneficial interest in trust | **$ 693,369** | $ - |
| Maturity of forgivable mortgages payable | **$ 41,666** | $ 41,666 |

See notes to financial statements.

## Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program (the Organization or HEP) 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, organically grown 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)*** – Program 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.

### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

***Medical Care*** – The Morton Plant Outreach 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 onsite staff of licensed practical nurses, nurse practitioners and case managers.

***Transportation*** – Services include transportation services of two roundtrips each weekday for veterans to Bay Pines Hospital, and transportation to 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.

**Thrift store:** Onsite store provides clients with job training, clothes and household items. All store proceeds are invested into the operations of the Organization.

A summary of the Organization's significant accounting policies follows:

**Basis of accounting:** The Organization prepares its financial statements on the accrual basis of accounting, whereby unconditional support is recorded when received, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

***Net assets without donor restrictions –*** Contributions and other inflows of assets that are not subject to donor imposed stipulations, but may be designated for specific purposes by action of the Board of Directors (Board). Net assets without donor restrictions include expendable funds available to support operations as well as net assets invested in property and equipment.

***Net assets with donor restrictions –*** Contributions and other inflows of assets subject to donor imposed stipulations that may or will be met by actions of the Organization or the passage of time or are permanently maintained by the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restriction.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) 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.

### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Cash and cash equivalents:** The Organization considers all highly liquid investments with maturities of three 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.

The Organization maintains its cash in demand deposit accounts at several financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in regards to 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, 2019 and 2018, the Organization considers all grants receivable to be fully collectible.

**Investments and endowment:** Investments are carried at fair value. The fair value of publically traded securities is based on quoted market prices established by the major security markets. Investment securities in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Purchases and sales of securities are recorded on trade dates. Investment income and realized and unrealized gains or losses are reflected in the statement of activities and changes in net assets within investment return, net. Donated investments are recorded at fair value at the time of receipt.

Net investment return from investments without donor restrictions are reported as revenue without donor restrictions. Net investment return for investments of net assets held in perpetuity are reported as increases in net assets with donor restrictions.

Effective July 1, 2012, the State of Florida adopted the Uniform Prudent Management of Institutional Funds Act (FUPMIFA). Absent explicit donor stipulations to the contrary, the Board has interpreted FUPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the endowment to be held in perpetuity, (b) the original value of subsequent gifts to the endowment to be held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time that accumulation is added to the fund.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- Donor desire and restrictions
- General economic conditions
- Possible effect of inflation and deflation
- Historical and expected total return from income and appreciation on investments
- Other resources of the Organization
- The investment policy of the Organization
- The preservation and protection of assets

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Spending Policy:** Endowments are established to preserve principal and generate an income stream to support the purpose of the funds held. A spending policy establishes a reasonable, sustainable, consistent and predictable expenditure level which enables the Organization to use the endowment earnings to support its operation to the fullest extent possible, while ensuring the principal value of the endowment is maintained and protected from the effects of inflation. The Organization's policy does not prohibit spending from underwater endowment funds if it is necessary, although it has been management's practice not to do so.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments, while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board, endowment assets are invested in a manner that is intended to protect against loss associated with a single security, industry, issuer or event.

The Organization has an overall goal in the strategic plan to increase the endowments while maintaining the funding of programs at their current level. The Organization does not have a formal spending policy and instead approves annual appropriations from its endowments during its annual budgetary process. During the years ended December 31, 2019 and 2018, the Organization did not appropriate any earnings from endowment funds to current year operations.

**Investment Policy:** The Organization's objective, with regards to investment performance, is structured for capital appreciation with a potential for current income through a higher allocation of equities than fixed income and, where appropriate other asset classes. Asset allocations include varying percentages of cash, equity, fixed income, and commodity classes. Investment performance of the portfolio is monitored by comparison to a broad-based securities market index or other appropriate benchmark, including the S&P 500, Russell 1000, MSIC, and Bloomberg Barclays U.S. Aggregated Bond Index, among others.

**Fair value measurements:** The Organization defines fair value in accordance with US GAAP, which 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 or liability 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.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the report date.

During the years ended December 31, 2019 and 2018, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its statements of financial position or activities and change in net assets.

**Unconditional promises to give:** Unconditional promises to give are recorded in the year the promise is made. Conditional promises to give are not recorded as support until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The carrying amount of unconditional promises to give is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected based on historical experience and an assessment of individual balances. Certain accounts are written off under the direct write-off method; other accounts are part of the reserve for doubtful accounts established based on management's review of individual donors. As of December 31, 2019 and 2018, the Organization considers all unconditional promises to give to be fully collectible.

**Estate receivables:** The Organization has been named as a beneficiary of future distributions from various estates. These estate receivables are recorded upon the Organization's interest becoming irrevocable and measurable.

**Property and equipment:** Property and equipment are carried at amortized cost. Donated property and equipment are recorded at fair value at the date of receipt. Assets with costs greater than $5,000 an estimated useful lives greater than one year are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which can range as follows:

| | Years |
|---|---|
| Buildings | 20-30 |
| Improvements | 10-30 |
| Furniture and equipment | 3-10 |

Expenditure for renewals and improvements that significantly add to the productive capacity or extend the useful lives of property and equipment are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale or other disposition of property and equipment, the costs an accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the statement of activities and changes in net assets.

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.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Construction in progress is not depreciated until put into service.

The Organization evaluates the various types of financial assets and liabilities to determine the expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of the asset are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale, or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the statement of activities and change in net assets.

**Impairment of long-lived assets:** The Organization evaluates the recoverability of its buildings, improvements, and furniture and equipment whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount would be reduced to the present value of its expected future cash flows and an impairment loss would be recognized. Management believes no indication of impairment existed at December 31, 2019 and 2018.

**Beneficial interest in trusts:** The Organization has been named as an irrevocable beneficiary of a perpetual trust and charitable remainder unitrust held and administered by independent trustees. A perpetual trust provides for the distribution of the net income of the trusts to the Organization; however, the Organization will never receive the assets of the trust. A charitable remainder unitrust provides for specified distributions of trust assets, including net income, over the trust term. At the date the Organization received notice of a beneficial interest, a contribution with donor restrictions was recorded in the statement of activities and changes in net assets, and a beneficial interest was recorded in the statement of financial position at the fair value of the underlying trust assets. Changes in the fair value of the trust assets are recorded as an increase or decrease in net assets with donor restrictions on the statement of activities and changes in net assets.

**Mortgage costs:** Mortgage costs represent costs incurred to obtain financing are presented as a reduction of mortgages payable on the accompanying statement of financial position. These costs are being amortized over a straight-line basis, which approximates the effective interest method, over the life of the related loan and are recorded within interest expense in the Statement of Functional Expenses.

**Advertising expense:** The Organization expenses advertising costs as incurred.

**Revenue recognition:** Effective January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, utilizing the modified retrospective method. The adoption of this standard did not have a material effect on the Organization’s financial statements and there was no cumulative effective on opening net assets as of January 1, 2019. The Organization recognizes revenue from contracts with customers in accordance with the standard, which provides a five-step mode for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied.

## Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Organization's revenue from contracts with customers consists of thrift store sales. The Organization's contracts have a single performance obligation. The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods to the customer. Revenue is recorded based on transaction price, which is a fixed consideration. The Organization does offer some discounts, which would be variable consideration, but these discounts are insignificant.

The Organization recognizes revenue at a point in time when control of the of the Organization's goods is passed to the customer, which typically occurs at point of sale and is when customer payment is collected.

**Client fees:** Client fees is made up of rental income as is earned based on agreed rates for services provided.

**Contributions:** Unconditional contributions are initially recognized at fair value in the period the promises are received. Conditional contributions or intentions to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend on are substantially met. In the absences of donor stipulations, unconditional contributions are reported as revenue without donor restrictions. Amounts received that are restricted by the donor for specific purposes are reported as revenue with donor restrictions. The Organization has adopted the accounting policy of not implying a time restriction on long-lived asset donations when the donor does not stipulate how long the asset must be used. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**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, doctors, etc.) are recorded in the statements of activities and changes in net assets as support without donor restriction 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. However, the value of this contributed time is not reflected in the statements of activities and changes in net assets in accordance with GAAP. Total volunteer hours contributed were approximately 24,200 and 24,500 for the years ended December 31, 2019 and 2018, respectively.

The Organization receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail thrift store. Management of 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 contribution revenue recorded in the accompanying financial statements for the years ending December 31, 2019 or 2018, associated with this inventory.

**Grant revenue:** Effective January 1, 2019, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* on a modified retrospective basis. The amendments in this update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional.

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

As a part of this adoption, support and revenue related to government and other private grants is recognized when funds are utilized by the Organization to carry out the activity stipulated by the grant or contract since such contracts can be terminated by the grantor, or refunding can be required under certain circumstances coupled with other performance and/or control barriers. For this reason, the Organization's agreements are considered conditional and so, referred to as "conditional grants".

**Recently issued accounting pronouncements:** In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization is currently evaluating the impact of this new standard on its financial statements.

**Functional expenses:** The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assets and detailed in the statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly to that program or service according to their natural classification. Certain other costs have been allocated among the programs and supporting services benefited. Salaries, payroll taxes and benefits, personnel expenses, client services, Dental and Wellness Clinic, marketing, food, in-kind services, insurance, office expense and supplies, professional fees, repairs and maintenance, technology, telephone, utilities and transportation expense may contain allocations based on time and effort as well as direct charges. In-kind lease space is estimated and allocated based on fair market value of the property, square footage utilized, as well as direct charges. Management and general expenses that are not directly allocable are allocated based on their estimated time and effort in each program or supporting service.

**Income taxes:** The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except for net revenue from unrelated business activities. As such, no provision for income tax expense has been made in the accompanying financial statements.

The Organization recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination of the taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had no material uncertainties in income taxes as of December 31, 2019 and 2018.

The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local authorities for fiscal years before 2016.

**Prior year information:** The financial statements include certain prior year summarized comparative information in total but not be net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Reclassifications:** Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. The reclassifications had no effect on previously reported changes in net assets.

**Subsequent events:** Management has evaluated all events subsequent to the statement of financial position date of December 31, 2019 through June 17, 2020, which is the date the financial statements were available to be issued (see Note 16).

### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. In November 2019, the FASB issued ASU 2019-10 to defer the effective date of ASU 2016-02 for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact this accounting standard on its financial statements.

### Note 2. Available Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures, such as operating expenses or capital projects, the Organization considers all expenditures related to its ongoing activities. The financial assets and liquidity resources available within one year for general expenditure comprise the following as of December 31:

| | 2019 | 2018 |
|---|---|---|
| Financial assets at year end | | |
| Cash and cash equivalents | $ 909,014 | $ 1,041,157 |
| Grants receivable | 227,117 | 196,182 |
| Accounts receivable – other | 21,889 | 1,912 |
| Unconditional promises to give | 47,804 | 28,557 |
| Estate receivables | 3,332,072 | - |
| Investments | 6,150,866 | 5,099,061 |
| Beneficial interest in trusts | 1,090,796 | 348,258 |
| Total financial assets | 11,779,558 | 6,715,127 |
| | | |
| Less amounts not available to be used within one year | | |
| Net assets with donor restrictions | 4,968,437 | 702,849 |
| Less net assets with time restrictions to be met in less than a year | (3,357,072) | - |
| Board designated endowment | 5,091,389 | 4,173,980 |
| | 6,702,754 | 4,876,829 |
| Financial assets available to meet general expenditures over the next 12 months | $ 5,076,804 | $ 1,838,298 |

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in certificates of deposits and money market funds. The Organization's cash position is monitored by executive management to ensure sufficient funds are available to meet daily requirements. Daily requirements are based on the budget, contracts, payroll, and invoice schedules.

### Note 2. Available Resources and Liquidity (Continued)

Additionally, not included as available are the Organization's board-designated endowment totaling $5,091,389 and $4,173,980 as of December 31, 2019 and 2018, and its two lines of credit totaling $1.9 million. The board designated endowment fund was established by the board 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. Although the Organization does not intend to spend from this internally designated fund other than amounts appropriated for general expenditure as a part of its annual budget approval and appropriation process or draw from its lines of credit, amounts could be made available if necessary to provide support for the Organization's programs and facilities.

### Note 3. Unconditional Promises to Give

Unconditional promises to give at December 31 are expected to be collected as follows:

| | 2019 | 2018 |
|---|---|---|
| Less than one year | $ 47,804 | $ 28,557 |

### Note 4. Investments

Investments are summarized as follows at December 31:

| | 2019 | 2018 |
|---|---|---|
| Money market funds | $ 315,059 | $ 343,221 |
| Fixed income securities – investment grade | 1,226,142 | 1,109,863 |
| Fixed income securities – global high yield | 49,622 | 45,682 |
| Equities – domestic | 3,705,747 | 2,874,895 |
| Equities – international | 357,363 | 309,485 |
| Equities – emerging markets | 273,932 | 176,093 |
| Commodities | 223,001 | 239,822 |
| | $ 6,150,866 | $ 5,099,061 |

Certain investments are pledged as collateral for the mortgage payable (see Note 11).

## Note 5. 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, and security deposits 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 following table summarizes major categories of the Organization’s assets and liabilities measured at fair value on a recurring basis at December 31:

| | 2019 | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Asset (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investments | | | | |
| Money market funds | $ 315,059 | $ 315,059 | $ - | $ - |
| Fixed income securities – investment grade | 1,226,142 | - | 1,226,142 | - |
| Fixed income securities – global high yield | 49,622 | - | 49,622 | - |
| Equities – domestic | 3,705,747 | 3,705,747 | - | - |
| Equities – international | 357,363 | 357,363 | - | - |
| Equities – emerging markets | 273,932 | 273,932 | - | - |
| Commodities | 223,001 | - | 223,001 | - |
| Total investments | 6,150,866 | 4,652,101 | 1,498,765 | - |
| Beneficial interest in trusts | 1,090,796 | - | - | 1,090,796 |
| Total assets at fair value | $ 7,241,662 | $ 4,652,101 | $ 1,498,765 | $ 1,090,796 |

| | 2018 | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Asset (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investments | | | | |
| Money market funds | $ 343,221 | $ 343,221 | $ - | $ - |
| Fixed income securities – investment grade | 1,109,863 | - | 1,109,863 | - |
| Fixed income securities – global high yield | 45,682 | - | 45,682 | - |
| Equities – domestic | 2,874,895 | 2,874,895 | - | - |
| Equities – international | 309,485 | 309,485 | - | - |
| Equities – emerging markets | 176,093 | 176,093 | - | - |
| Commodities | 239,822 | - | 239,822 | - |
| Total investments | 5,099,061 | 3,703,693 | 1,395,368 | - |
| Beneficial interest in trusts | 348,258 | - | - | 348,258 |
| Total assets at fair value | $ 5,447,319 | $ 3,703,693 | $ 1,395,368 | $ 348,258 |

Level 1 investments are classified as such due to their closeness to cash or being valued based on quoted market prices. Level 2 investments are classified as such due to being valued based on similar assets.

## Note 5. Fair Value of Financial Instruments (Continued)

The changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

| | Beneficial Interest in Trusts |
|---|---|
| December 31, 2018 | $ 348,258 |
| Contributions | 693,369 |
| Distributions | (18,968) |
| Change in value of beneficial interest in trust | 68,137 |
| December 31, 2019 | $ 1,090,796 |

The following table presents quantitative information about Level 3 fair value measurements as of December 31:

| | 2019 Fair Value | 2018 Fair Value | Valuation Technique | Unobservable Inputs | Range of Inputs |
|---|---|---|---|---|---|
| Beneficial Interest in Trusts | $ 1,090,796 | $ 348,258 | Market approach based on underlying securities | None | Not applicable |

The assets held in trust are managed by an independent third-party trustee, and the Organization has no authority over investment decisions. Thus, the trust assets are classified as Level 3 within the fair value hierarchy level. There were no transfers between fair value hierarchy levels during the years ended December 31, 2019 and 2018.

## Note 6. Property and Equipment

Property and equipment consists of the following at December 31:

| | 2019 | 2018 |
|---|---|---|
| Buildings | $ 11,847,913 | $ 11,847,913 |
| Building improvements | 3,498,654 | 2,474,457 |
| Construction in progress | 4,072 | 132,365 |
| Land | 685,610 | 685,610 |
| Land improvements | 42,824 | 42,824 |
| Furniture, fixtures, and equipment | 1,444,987 | 1,375,052 |
| | 17,524,060 | 16,558,221 |
| Less: accumulated depreciation | (7,632,029) | (7,035,798) |
| | $ 9,892,031 | $ 9,522,423 |

Depreciation expense is $596,231 and $610,859 for the years ended December 31, 2019 and 2018, respectively. Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. There are no material outstanding commitments related to construction in progress as of December 31, 2019. 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, 2019 and 2018, represents renovations of the family transitional building.

## Note 7. Mortgages Payable

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

| | 2019 | 2018 |
|---|---|---|
| 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. | $ 309,268 | $ 309,268 |
| 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. | 100,000 | 100,000 |
| Mortgage payable to Pinellas County (Community Development Block Entitlement/ Grants), no principal payment required, interest free, collateralized by real property forgiven if the property continues to be used for its intended purpose through 2031. 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. | 373,078 | - |
| Mortgage payable to Pinellas County (Home Investment Partnerships Program), monthly principal and interest payments of $6,311 required beginning November 1, 2024; 3% annual interest rate; collateralized by real property; $299,250 forgiven if the property continues to be used for its intended purpose through 2044 | 1,800,000 | 1,800,000 |
| 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 2025; 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. | 1,097,340 | 1,097,340 |
| 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. | 83,335 | 125,001 |
| | 3,763,021 | 3,431,609 |
| Less mortgage costs | (12,645) | (13,172) |
| | $ 3,750,376 | $ 3,418,437 |

## Note 7. Mortgages Payable (Continued)

Future maturities of mortgages payable are as follows:

| | Principal | Expected Forgiveness | Mortgage Costs | Total |
|---|---|---|---|---|
| Years ending December 31: | | | | |
| 2020 | $ - | $ 41,667 | $ (527) | $ 41,140 |
| 2021 | - | 141,668 | (527) | 141,141 |
| 2022 | - | - | (527) | (527) |
| 2023 | - | - | (527) | (527) |
| 2024 | 12,506 | - | (527) | 11,979 |
| Thereafter | 2,286,334 | 1,280,846 | (10,010) | 3,557,170 |
| | $ 2,298,840 | $ 1,464,181 | $ (12,645) | $ 3,750,376 |

Mortgage costs consist of the following as of December 31:

| | 2019 | 2018 |
|---|---|---|
| Mortgage costs | $ 14,753 | $ 14,753 |
| Less accumulated amortization | (2,108) | (1,581) |
| | $ 12,645 | $ 13,172 |

Interest expense related to amortization of mortgage costs was $527 for each of the years ended December 31, 2019 and 2018.

## Note 8. Lines of Credit

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% (3.46% and 3.61% at December 31, 2019 and 2018, 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 investments without donor restrictions. There were no amounts outstanding at December 31, 2019 and 2018. The Organization paid no interest associated with this agreement for the years ended December 31, 2019 and 2018. The agreement was renewed in the current year and expires in May 2021.

Additionally, the Organization has an agreement with Synovus Bank for a $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, 2019 and 2018. The Organization paid no interest associated with this credit line for the years ended December 31, 2019 and 2018. The agreement was renewed in the current year, extending the maturity until August 2020 and modifying the interest rate to be calculated as the prime lender rate (5.35% as of December 31, 2019) and not to exceed 18% or fall below 4%.

## Note 9. Net Assets

Net assets without donor restrictions were as follows as of December 31:

| | 2019 | 2018 |
|---|---|---|
| Undesignated | $ 7,662,412 | $ 7,861,575 |
| Board designated endowment (Note 10) | 5,091,389 | 4,173,980 |
| | $ 12,753,801 | $ 12,035,555 |

Net assets with donor restrictions were as follows as of December 31:

| | 2019 | 2018 |
|---|---|---|
| Subject to the passage of time: | | |
| Unconditional promises to give (Note 3) | $ 25,000 | $ - |
| Estate receivables | 3,332,072 | - |
| | 3,357,072 | - |
| Subject to expenditure for specified purpose: | | |
| Dental and Wellness Clinic – comprehensive dental services, disease self-management program, nutritional counseling, wellness education and navigation services | 209,763 | 96,998 |
| Baty Villas – permanent supportive housing in private apartments for qualified families with children | 29,538 | 50,000 |
| School Property Project – To provide permanent supportive housing for Pinellas County School District homeless families | 29,716 | - |
| HEP West – single-occupancy apartments for U.S. veterans of the wars fought in Iraq and Afghanistan | 7,593 | 7,593 |
| | 276,610 | 154,591 |
| Subject to the Organization's spending policy and appropriation: | | |
| Investments in perpetuity (including original gifts totaling $200,000 as of December 31, 2019 and 2018) and the net investment return from which is expendable to support: | | |
| General operations | 243,959 | 200,000 |
| Not subject to the Organization's spending policy or appropriation: | | |
| Beneficial interest in trusts | 1,090,796 | 348,258 |
| | $ 4,968,437 | $ 702,849 |

Net assets were released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time of other events specified by donors as follows for the year ended December 31:

| | 2019 | 2018 |
|---|---|---|
| Expiration of time restrictions | $ - | $ 109,677 |
| Dental and Wellness | 72,120 | - |
| Baty Villas | 50,000 | - |
| Beneficial interest in trusts | 18,968 | - |
| | $ 141,088 | $ 109,677 |

## Note 10. 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 and subsequent amendment, the original $200,000 corpus is not subject to withdrawal, and income from the fund is available for general operations. If circumstances for the Organization become financially catastrophic, a portion of the original corpus may be spent with approval by at least 75% of the board.

**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.

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

| | 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 243,959 | $ 243,959 |
| Board designated endowment funds | 5,091,389 | - | 5,091,389 |
| | $ 5,091,389 | $ 243,959 | $ 5,335,348 |

| | 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | $ - | $ 200,000 | $ 200,000 |
| Board designated endowment funds | 4,173,980 | - | 4,173,980 |
| | $ 4,173,980 | $ 200,000 | $ 4,373,980 |

### Note 10. Endowments (Continued)

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

| | 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning | $ 4,173,980 | $ 200,000 | $ 4,373,980 |
| Investment return, net | 917,409 | 43,959 | 961,368 |
| Endowment net assets, ending | $ 5,091,389 | $ 243,959 | $ 5,335,348 |

| | 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning | $ 4,470,703 | $ 200,000 | $ 4,670,703 |
| Investment return, net | (248,692) | - | (248,692) |
| Distributions | (48,031) | - | (48,031) |
| Endowment net assets, ending | $ 4,173,980 | $ 200,000 | $ 4,373,980 |

### Note 11. In-Kind Revenue and Expenses

Included as without donor restriction support and expense are the following in-kind contributions for the years ended December 31:

| | 2019 | 2018 |
|---|---|---|
| Food | $ 551,282 | $ 555,612 |
| Lease space | 431,161 | 398,341 |
| Dental services | 392,125 | 390,900 |
| Psychiatric counseling | 107,625 | 107,626 |
| Thrift store | 72,941 | 21,507 |
| Other | 2,335 | - |
| | $ 1,557,469 | $ 1,473,986 |

As discussed in Note 1, 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 12. 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 $431,161 and $398,341 was recognized as in-kind contributions revenue and in-kind lease space expenses in the accompanying financial statements for the years ended December 31, 2019 and 2018, respectively.

## Note 13. Related Parties

The pastor and the president of the Church serve on the board of directors. In 2019 and 2018, the Church leased real property to the Organization for a nominal rate.

For each of the years ended December 31, 2019 and 2018, 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, 2019 and 2018 was $18,000.

## Note 14. 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 15. Conditional Promises to Give from Donors

The Organization has conditional promises (mainly conditional grants) to give from grantors and donors of $354,306 as of December 31, 2019. Future payments are contingent upon the Organization carrying out certain activities (meeting grant and donor imposed barriers) stipulated by the grant or contract.

Conditional promises to give from the Organization's grant donors consist of the following:

| | 2019 |
|---|---|
| Cash grants from U.S. government | $ 189,004 |
| Cash grants from other grantors/donors | 165,302 |
| | $ 354,306 |

## Note 16. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The spread of COVID-19, a novel strain of coronavirus, appears to be altering the behavior of business and people in a manner that is having negative effects on local, regions, and global economies. The extent to which COVID-19 impacts the operations of the Organization in the future will depend on subsequent developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of COVID-19, the actions taken to contain COVID-19 or treat its impact, and the impact of each of these items on the economies and financial markets in the United States of America. In particular, the continued spread of COVID-19 could adversely impact the Organization's operations, including among others, contributions, grants, and daily operations, and may have a material adverse effect on the financial condition of the Organization. A CARES Act Payroll Protection Program loan through the Small Business Administration has been approved and $608,725 was received in May 2020. The funds will be used to pay for payroll and other allowable costs. Management has been monitoring federal, state, and local changes to ensure compliance with changing regulations.

It is reasonably possible that estimates made in the financial statements have been, or will be, adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables; impairment losses related to other long-lived assets; or any contingent obligations. Such economic impacts may have a result prospectively on the Organization's financial statements and operations. The financial statements do not include any adjustments as a result of this subsequent event.

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

## Schedule of Expenditures of Federal Awards
## Year Ended December 31, 2019

| Federal Agency<br>Pass-through Entity<br>Federal Program Cluster/Title | Pass-through Entity Identifying/Contract Number | CFDA Number | Expenditures | | Pass-through To Subrecipients |
|---|---|---|---|---|---|
| **U.S. Department of Housing and Urban Development** | | | | | |
| Passed through Pinellas County | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | |
| Community Development Block Grants/Entitlement Grants | N/A | 14.218 | $ 100,000 | * | $ - |
| Community Development Block Grants/Entitlement Grants | B-13-UC-12-005 | 14.218 | 373,078 | * | - |
| Community Development Block Grants/Entitlement Grants | CD18HEP | 14.218 | 69,935 | | - |
| Passed through City of Clearwater | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | |
| Community Development Block Grants/Entitlement Grants | N/A | 14.218 | 99,000 | | - |
| Community Development Block Grants/Entitlement Grants | N/A | 14.218 | 8,383 | | - |
| | | | 650,396 | | - |
| Passed through Pinellas County | | | | | |
| Emergency Solutions Grant Program | ESG18HEPOPS | 14.231 | 16,800 | | - |
| Passed through Florida Department of Children and Families | | | | | |
| Emergency Solutions Grant Program | ESG17HEP | 14.231 | 34,272 | | - |
| Emergency Solutions Grant Program | QP17D-ESG18-1 | 14.231 | 5,056 | | - |
| | | | 56,128 | | - |
| Direct award | | | | | |
| Supportive Housing Program | FL0035L4H021810 | 14.235 | 37,529 | | - |
| Supportive Housing Program | FL0030L4H021710 | 14.235 | 91,382 | | - |
| | | | 128,911 | | - |
| Passed through City of Clearwater | | | | | |
| Home Investment Partnerships Program | N/A | 14.239 | 823,005 | * | - |
| Passed through Pinellas County | | | | | |
| Home Investment Partnerships Program | N/A | 14.239 | 1,800,000 | * | - |
| | | | 2,623,005 | | - |
| Direct award | | | | | |
| Housing Voucher Cluster | | | | | |
| Section 8 Housing Choice Vouchers | 52530B | 14.871 | 98,270 | | - |
| | | | 98,270 | | - |
| **Total U.S. Department of Housing and Urban Development** | | | 3,556,710 | | - |
| **U.S. Department of Transportation** | | | | | |
| Direct award | | | | | |
| Transit Services Programs Cluster | | | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | GOT35 | 20.513 | 20,386 | | - |
| **Total U.S. Department of Transportation** | | | 20,386 | | - |
| **U.S. Department of Veteran Affairs** | | | | | |
| Direct award | | | | | |
| VA Homeless Providers Grant and Per Diem Program | HEPI694-0654-516-CT-18-0 | 64.024 | 593,658 | | - |
| **Total U.S. Department of Veteran Affairs** | | | 593,658 | | - |
| **U.S. Department of Homeland Security** | | | | | |
| Direct award | | | | | |
| Emergency Food and Shelter National Board Program | 169400-006 Phase 36 | 97.024 | 22,831 | | - |
| **Total U.S. Department of Homeland Security** | | | 22,831 | | - |
| **Total Expenditures of Federal Awards** | | | $ 4,193,585 | | $ - |

*Represents the balance of a loan from a previous year plus new loans during the current year for which the federal government imposes continuing compliance requirements.

See notes to schedule of federal awards.

### Note 1. 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 Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is intended to and does not present the statement of financial position, activities and changes in net assets, functional expense or cash flows of the Organization.

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

### Note 2. 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 3. Indirect Costs

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

### Note 4. Loans

The Organization had the following loan balances at December 31, 2019:

| CFDA Number | Description | Original Loan Amount | Balance at January 1, 2019 | Additional Loan Funding | Balance at December 31, 2019 |
|---|---|---|---|---|---|
| 14.218 | Community development block grants/ entitlement grants | $ 100,000 | $ 100,000 | $ - | $ 100,000 |
| 14.218 | Community development block grants/ entitlement grants | $ 373,078 | $ - | $ 373,078 | $ 373,078 |
| 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 |

**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***

**Independent Auditor's Report**

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

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, 2019; 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 June 17, 2020.

**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.

RSM US LLP

St. Petersburg, Florida
June 17, 2020

RSM US LLP

**Report on Compliance for Each Major Federal Program**
**and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

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

**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 program for the year ended December 31, 2019. Homeless Emergency Project, Inc. d/b/a Homeless Empowerment Program's major federal program is 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 its major federal program for the year ended December 31, 2019.

**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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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.

RSM US LLP

St. Petersburg, Florida
June 17, 2020

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

**Schedule of Findings and Questioned Costs**
**Year Ended December 31, 2019**

## SECTION I. SUMMARY OF AUDITOR'S REPORT

*Financial Statements*

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency(ies) identified? | | Yes | X | None Reported |
| Noncompliance material to financial statements noted? | | Yes | X | No |

*Federal Awards*

| | | | | |
|---|---|---|---|---|
| Internal control over major federal programs: | | | | |
| Material weakness(es) identified? | | Yes | X | No |
| Significant deficiency(ies) identified? | | Yes | X | None Reported |
| Type of auditor's reports issued on compliance for major program: | Unmodified | | | |
| 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 programs:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 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. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported

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

**Summary Schedule of Prior Audit Findings**
**Year Ended December 31, 2019**

There were no findings reported for the year ended December 31, 2018