

5Cities Homeless Coalition, Inc.

Audited Financial Statements

Year Ended June 30, 2024



5Cities Homeless Coalition, Inc.
Financial Statements
Year Ended June 30, 2024

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Independent Auditors' Report

To the Board of Directors of
5Cities Homeless Coalition, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 5Cities Homeless Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 5Cities Homeless Coalition, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 5Cities Homeless Coalition, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended June 30, 2024, the Organization adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Board of Directors

5Cities Homeless Coalition, Inc.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 5Cities Homeless Coalition, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 5Cities Homeless Coalition, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 5Cities Homeless Coalition, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Board of Directors

5Cities Homeless Coalition, Inc.

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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of 5Cities Homeless Coalition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 5Cities Homeless Coalition, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 5Cities Homeless Coalition, Inc.'s internal control over financial reporting and compliance.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation
San Luis Obispo, California

March 26, 2025

5Cities Homeless Coalition, Inc.
Statement of Financial Position
June 30, 2024

Assets

Current assets:

Cash	\$ 268,425
Certificate of deposit	41,927
Grants and contracts receivable	973,842
Prepaid expenses	2,705
Total current assets	<u>1,286,899</u>

Property and equipment, net of accumulated depreciation	2,752,332
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Other assets:

Right-of-use assets, operating leases	<u>392,166</u>
Total assets	<u><u>\$ 4,431,397</u></u>

Liabilities

Current liabilities:

Accounts payable	\$ 25,490
Accrued liabilities	7,006
Accrued payroll and payroll taxes	99,110
Accrued vacation payable	75,991
Deferred revenue	516,186
Operating lease liabilities, current	56,017
Notes payable, current	8,343
Total current liabilities	<u>788,143</u>

Long-term liabilities:

Operating lease liabilities, net of current	341,579
Notes payable, net of current	313,631
Total liabilities	<u>1,443,353</u>

Net assets

Net assets without donor restrictions	2,730,701
Net assets with donor restrictions	257,343
Total net assets	<u>2,988,044</u>

Total liabilities and net assets	<u><u>\$ 4,431,397</u></u>
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The accompanying notes are an integral part of these financial statements.

5Cities Homeless Coalition, Inc.
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Federal grants	\$ 1,956,648	\$ -	\$ 1,956,648
Other grants	2,000,847	281,817	2,282,664
Contributions	461,545		461,545
Contributions of nonfinancial assets	193,992		193,992
Fundraising events revenue, net of direct benefit to donors of \$6,486	83,382		83,382
Interest income	2,271		2,271
Loss on disposal of property and equipment	(7,827)		(7,827)
Total revenues	<u>4,690,858</u>	<u>281,817</u>	<u>4,972,675</u>
Net assets released from restrictions	<u>125,370</u>	<u>(125,370)</u>	
Expenses:			
Program services	4,272,475		4,272,475
Supporting services:			
Management and general	536,031		536,031
Fundraising	194,714		194,714
Total expenses	<u>5,003,220</u>		<u>5,003,220</u>
Change in net assets	<u>(186,992)</u>	<u>156,447</u>	<u>(30,545)</u>
Net assets - beginning of year	2,917,693		2,917,693
Prior year restatement		100,896	100,896
Net assets - beginning of year, restated	<u>2,917,693</u>	<u>100,896</u>	<u>3,018,589</u>
Net assets - end of year	<u>\$ 2,730,701</u>	<u>\$ 257,343</u>	<u>\$ 2,988,044</u>

The accompanying notes are an integral part of these financial statements.

5Cities Homeless Coalition, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services						Supporting Services			
	Non- Congregate Shelter	Outreach & Other	Immediate Needs	Housing	Warming Center	Youth	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 799,429	\$ 371,562	\$ -	\$ 239,920	\$ 67,999	\$ 89,549	\$ 1,568,459	\$ 323,516	\$ 77,443	\$ 1,969,418
Payroll taxes	66,758	27,748		20,002	5,875	7,774	128,157	21,507	6,563	156,227
Health Insurance	74,247	37,431		32,831		5,620	150,129	44,125	7,451	201,705
Workers' Comp Insurance Expense	89,974	8,148		5,002		747	103,871	4,123	1,179	109,173
Total personnel expenses	1,030,408	444,889	-	297,755	73,874	103,690	1,950,616	393,271	92,636	2,436,523
Rapid Rehousing		35	2,499	471,331		114,274	588,139			588,139
Homeless Prevention				558,986		15,582	574,568			574,568
Depreciation Expense	222,439	22,955	4,348	13,135	2,032	3,161	268,070	14,819	2,474	285,363
In kind contributions expense		109,184					109,184	5,240	79,568	193,992
Program Meals	127,214	3,816			1,623		132,653			132,653
Overhead allocated to Programs	31,117	34,086		30,726	2,666	10,729	109,324	(113,747)	4,423	-
Program Supplies (Other)	44,707	51,589	87	2,667	3,859	1,064	103,973	191	605	104,769
Immediate Needs	928	9,801	80,520	68	988	6,122	98,427			98,427
Occupancy Expense	61,029	499			3,342		64,870	26,728		91,598
Accounting, Audit & IT	539	9,588		150			10,277	59,088		69,365
Partner Contracts		65,000					65,000			65,000
Program Rent		2,184			54,294		56,478			56,478
Supplies, Software, Equipment	7,262	1,920		178	2,102	178	11,640	33,453		45,093
Office Supplies, Repairs, Equipment	13,246	4,679		952	10,133	278	29,288	10,686		39,974
Program Laundry	36,951				612		37,563			37,563
Staff Development, Volunteers	6,020	2,898		40		200	9,158	27,821	281	37,260
Insurance		120					120	27,852		27,972
Interest Expense							-	23,617		23,617
Professional Services	17,230	79			6,153		23,462			23,462

The accompanying notes are an integral part of these financial statements.

5Cities Homeless Coalition, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024
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	Program Services						Supporting Services			
	Non- Congregate Shelter	Outreach & Other	Immediate Needs	Housing	Warming Center	Youth	Total Program Services	Management and General	Fundraising	Total
Program Vehicle Gas & Maintenance	\$ 87	\$ 12,460		\$ 9		\$ 677	\$ 13,233			\$ 13,233
Printing & Copying		4,543		500	59	1,058	6,160		7,041	13,201
Payroll Service Fees							-	11,790		11,790
Licenses & Taxes	5,397				302		5,699	5,891		11,590
Bank and Merchant Fees	100						100	954	5,795	6,849
Special Event Direct Cost		118					118	10	6,358	6,486
Employee Recruitment		43					43	4,995		5,038
Dues & Subscriptions				420			420	2,237		2,657
Transportation					2,160		2,160			2,160
Information Technology, Website and Promo							-	151	1,782	1,933
Program Expenses (Other)	1,850						1,850			1,850
Mileage							-	598	109	707
Board Expense							-	641		641
Miscellaneous							-	(245)		(245)
Total	1,606,524	780,486	87,454	1,376,917	164,199	257,013	4,272,593	536,041	201,072	5,009,706
Less expenses included with revenues on the statement of activities:										
Cost to direct benefit of donors		(118)					(118)	(10)	(6,358)	(6,486)
Total expenses by function	<u>\$ 1,606,524</u>	<u>\$ 780,368</u>	<u>\$ 87,454</u>	<u>\$ 1,376,917</u>	<u>\$ 164,199</u>	<u>\$ 257,013</u>	<u>\$ 4,272,475</u>	<u>\$ 536,031</u>	<u>\$ 194,714</u>	<u>\$ 5,003,220</u>

The accompanying notes are an integral part of these financial statements.

5Cities Homeless Coalition, Inc.

Statement of Cash Flows

Year Ended June 30, 2024

Cash flows from operating activities:

Change in net assets	\$ (30,545)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	285,361
Operating lease expense	37,979
Loss on disposal of fixed assets	7,827
Changes in operating assets and liabilities:	
Grants and contracts receivable	(114,867)
Prepaid expenses	16,401
Accounts payable	(21,879)
Accrued liabilities	3,219
Accrued payroll and payroll taxes	43,581
Accrued vacation payable	40,248
Deferred revenue	306,209
Operating lease liability	(32,550)
Net cash provided by operating activities	<u>540,984</u>

Net cash from in investing activities

Purchases of property and equipment	(190,786)
Purchase of certificate of deposit	(1,298)
Net cash used in investing activities	<u>(192,084)</u>

Cash flows from financing activities:

Payments on line of credit	(225,000)
Principal repayments of notes payable	(8,026)
Net cash used in financing activities	<u>(233,026)</u>

Net increase in cash and cash equivalents 115,874

Cash - beginning of year 152,551

Cash - end of year \$ 268,425

Supplemental disclosure of cash flow information:

Cash paid for interest during the year	\$ 23,617
Noncash transactions:	
Right-of-use assets obtained in exchange for operating lease liability	\$ 415,001

The accompanying notes are an integral part of these financial statements.

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 1: Nature of Activities

5Cities Homeless Coalition, Inc. (the Organization) is a California 501(c)(3) nonprofit, established on March 3, 2009. The Organization works to transform lives in San Luis Obispo County's south county cities. The Organization mobilizes community resources, fosters hope, and advocates for the homeless and those facing homelessness with a vision of building an engaged community that fully understands the complexities of homelessness and actively shares the responsibility of creating and implementing solutions to reduce it. The Organization derives its revenues from government and other grants and contracts, and from public contributions and fundraising.

Description of programs

Housing Support

The Housing Support Program serves those who are homeless or at risk of losing housing in San Luis Obispo County. Case management, rental and deposit assistance, information and referral to community services, comprehensive needs assessment, identification of barriers to success, and development of an immediate action plan. Those who visit 5CHC's office are provided access to computer, internet, phone charging, mailing address, food and hygiene supplies. The program also serves veterans who are homeless or at risk of losing housing through a joint effort with Good Samaritan Shelter to provide supportive services for veteran families (SSVF). The United States Department of Veterans Affairs provides funding for this program.

Immediate Needs

Assists homeless and low-income families and individuals who reside in southern San Luis Obispo County with funds to address their immediate needs and move them to self-sufficiency, home stability, and economic improvement. Assistance is used for utilities, fuel, auto repairs, food, clothing, and unpaid bills paid directly to applicable vendors on behalf of program participants.

Homeless Youth

Matches a case manager with unaccompanied youth aged 16-24 to provide education, connection, and services such as immediate needs, housing, and development of an individualized Action Plan to assist them in living independently, maintaining steady employment, and continuing their education.

Non-Congregate Shelter

Cabins for Change offers 20 units of non-congregate shelter to individuals experiencing homelessness. Residents complete a 90-day transitional program, during which they have access to their own cabin, bathrooms, and community area. Individuals work with Case Managers to overcome barriers and develop skills with the ultimate goal of exiting the program to stable housing. Another similar project, Balay Ko on Barca, is in development on a site leased for installation of 30 more cabins in Grover Beach.

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 1: Nature of Activities (Continued)

Warming Center

Provides an overnight warming center during the winter months when temperature predications are at or below 38 degrees or rain potential of 50% or more from November through April. Those staying at the warming center are provided meals and laundry services and may arrive by 5:30pm and leave by 6am the next day.

Outreach and Other Programs

Provide coordinated entry into the homelessness support system that begins with conducting a comprehensive assessment of needs, identification of barriers to success, and development of an immediate action plan for each individual or family who requests assistance. 5CHC's staff serves as a source of information on available resources, knowledge of county programs for the homeless, and referral services for those in need.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting which requires that revenues be recorded when earned and expenses be recorded when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

The Organization considers demand deposits with financial institutions, money market funds and certificates of deposits with an original maturity date of three months or less to be cash equivalents for the statement of cash flows. At June 30, 2024, the Organization did not have any cash equivalents.

Change in Accounting Principle

Effective July 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses on certain financial instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in Topic 326 are grants and contracts receivable. The adoption of Topic 326 did not have an impact on the Organization's financial statements, but did change how the allowance for credit losses is determined.

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Grants and Contracts Receivable and Allowance for Credit Losses

The Organization's accounts receivables are primarily derived from grants and government contracts. As of June 30, 2024, grants and contracts receivable were \$926,657. As of July 1, 2023, grants and contracts receivable were \$858,975.

At each reporting date, the Organization recognizes an expected allowance for credit losses on grants receivable under Topic 326. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. The estimate is then adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point for which to calculate the expected allowance for credit losses, as the Organization's portfolio segments have remained constant since the Organization's inception.

The Organization writes off receivables when there is information that indicates the grantor or other funding source is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. At June 30, 2024, management has determined that no allowance for credit losses was necessary. For the year then ended, the total amount of write-offs was immaterial to the financial statements as a whole.

Property and Equipment

Property and equipment are recorded at historical cost when purchased or estimated fair market value when donated. Capital expenditures over \$2,500 are recorded as property and equipment. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. As of June 30, 2024, estimated useful lives ranged from three to 39 years, depending on asset type. Repairs and maintenance costs are expensed when incurred.

Net Assets

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

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may from time to time designate a portion of this asset class for specific projects or activities. As of June 30, 2024, the board has designated \$86,912 of net assets without donor restrictions as a future reserve fund.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable county, state, and federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions.

The Organization recognizes contributions and certain grants when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2024, contributions of \$516,186 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

Leases

The Organization leases two buildings in San Luis Obispo County. The determination of whether an arrangement is a lease is made at the lease's inception. Under FASB ASU 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization has elected the practical expedient for short-term

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 2: Summary of Significant Accounting Policies (Continued)

leases with terms of 12 months or less. For short-term leases, the Organization recognizes the lease payments in the income statement on a straight-line basis over the term of the lease.

For leases with a lease term greater than one year, the Organization recognizes an asset for its right to use the underlying leased item, and a lease liability for the corresponding lease obligation.

Operating leases with a duration greater than one year are included in right-of-use assets and operating lease liabilities on the Organization's statement of financial position. Right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, in accordance with its elected policy, the Organization uses the risk-free discount rate.

The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

Right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Annually, The Organization files a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. Management has determined the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Contributions of Nonfinancial Assets

The Organization receives donations of time and services from members of the community and volunteers which are recorded in the financial statements if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Additionally, the Organization occasionally receives donations of nonfinancial assets that are measured at fair value at the time of donation. In-kind donations of fixed assets, materials, and supplies are utilized

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 2: Summary of Significant Accounting Policies (Continued)

directly by the Organization in its programs and fundraising and are valued at their appraised values at the time of the bequest. Donated professional services are utilized in the Organization's administration and programs and are valued at standard hourly rates charged for those services. The Organization received the following in-kind donations for the year ended June 30, 2024. There were no donor-imposed restrictions associated with these donations.

Contributed items for fundraising events	\$	79,568
Contributed items for programs		77,424
Contributed professional services		33,850
Contributed use of facilities		<u>3,150</u>
Total donated materials and services	\$	<u>193,992</u>

Estimates

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

Concentration of Credit Risk

Major Customers

At June 30, 2024, the County of San Luis Obispo accounted for 87% of grants and contracts receivable. For the year ended June 30, 2024, the County of San Luis Obispo accounted for 42% of total revenue.

Credit Risk

The Organization maintains cash balances with Federal Deposit Insurance Corporation (FDIC) insured financial institutions. At times the balances may exceed federally insured limits. The FDIC insures deposit accounts and certificates of deposit up to \$250,000 at each financial institution. At June 30, 2024, the Organization had \$14,544 in excess of insured limits.

Functional Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Allocations are made based upon hours worked as well as estimated usage of supplies and other expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization records its financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This Topic provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. This Topic also establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of deposit: recorded at amortized cost plus accrued interest, which approximates fair value based upon observable market inputs for similar securities, including valuation models based upon prices paid for similar assets with similar yields from issuers with similar credit ratings and are included in Level 2.

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

As of June 30, 2024, the Organization had one certificate of deposit valued at Level 2 of the fair value hierarchy, in the amount of \$41,927.

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 3: Property and Equipment

At June 30, 2024, property and equipment consisted of the following:

Land, buildings, and improvements	\$ 2,887,150
Furniture and equipment	137,506
Vehicles	155,413
Computers	77,966
Construction in progress	6,167
	<u>3,264,202</u>
Less accumulated depreciation	<u>(511,870)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 2,752,332</u>

For the year ended June 30, 2024 depreciation expense was \$285,363.

Note 4: Leases

The Organization is party to two leases in San Luis Obispo County for administrative office space that are classified as operating leases under Topic 842. An ROU asset balance for these leases of \$392,166 is shown in other assets on the statement of financial position. The related lease liabilities total \$397,596. The leases expire in June 2038 and January 2029, respectively. Additionally, the organization enters into temporary short-term lease agreements during the year on an as needed basis.

Additional quantitative information about the Organization's leasing activities is as follows:

Lease expense at June 30, 2024:

Operating lease expense	\$ 37,979
Short-term lease expense	35,299
Total lease expense	<u>\$ 73,278</u>

Other Information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 32,550
ROU assets obtained in exchange for new operating lease liabilities	\$ 415,001
Weighted-average remaining lease term in years for operating leases	10.04
Weighted-average discount rate for operating leases	3.94%

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 4: Leases (Continued)

Future minimum lease payments and reconciliation to the balance sheet at June 30, 2024 are as follows:

<u>For the Year Ending June 30,</u>	
2025	\$ 56,017
2026	57,506
2027	59,036
2028	60,606
2029	44,399
Thereafter	209,905
Total undiscounted cash flows	487,469
Less: present value discount	(89,873)
Total lease liabilities	<u>\$ 397,596</u>

Note 5: Note Payable

At June 30, 2024, the Organization's note payable consisted of the following:

Economic Injury and Disaster Loan (EIDL) payable to the Small Business Administration (SBA), dated September 1, 2020, with monthly payments of \$1,426, including both principal and interest at 2.75% per annum, beginning September 1, 2022. The loan matures on September 1, 2050 and is secured.	\$ 321,974
Less current portion	<u>(8,343)</u>
Notes payable, net of current portion	<u>\$ 313,631</u>

At June 30, 2024, future minimum principal payments on the note were as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>
2025	\$ 8,343
2026	8,575
2027	8,814
2028	9,060
2028	9,312
Thereafter	277,870
Total	<u></u>

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 6: Line of Credit

The Organization has a line of credit agreement with Mechanics Bank. The line of credit is secured, and the maturity date is September 9, 2025. Interest is payable monthly at the prime rate plus 2.75% (11.25% as of June 30, 2024). The maximum credit limit is \$300,000 and all unpaid principal and accrued interest balances are due at maturity. At June 30, 2024 there was no outstanding balance on the line of credit.

Note 7: Retirement Plan

The Organization has a SIMPLE IRA Retirement Savings Plan for its eligible employees, or those who are reasonably expected to receive at least \$5,000 in compensation during a calendar year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Service, and the Organization matches employee contributions up to a maximum of 3% of gross annual wages. For the year ended June 30, 2024, the Organization contributed \$28,574 to the plan, which is included in salaries and wages in the statement of functional expenses.

Note 8: Designations and Restrictions on Net Assets

At June 30, 2024, the Organization had the following net assets without donor restrictions:

Undesignated	\$ 2,643,789
Board designated	<u>86,912</u>
	<u>\$ 2,730,701</u>

At June 30, 2024, the Organization had the following net assets with donor restrictions:

Purpose restrictions:	
Barca shelter improvements	\$ 159,817
Leadership development	25,000
Warming center	23,766
Street outreach	20,000
Rapid rehousing	15,141
Direct client financial assistance	7,431
Homeless youth & students	<u>6,188</u>
	<u>\$ 257,343</u>

5Cities Homeless Coalition, Inc.
Notes to Financial Statements
June 30, 2024

Note 9: Liquidity

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, cash in excess of daily requirements is invested in money market accounts.

Financial assets available for general expenditures within one year of June 30, 2024, comprised the following:

Cash	\$	268,425
Certificate of deposit		41,927
Grants and contracts receivable		973,842
less amounts with donor restrictions		<u>(257,343)</u>
	\$	<u>1,026,851</u>

Additionally, the Organization has access to a \$300,000 line of credit for cash flow purposes. See Note 6.

Note 10: Prior Year Restatement

In prior years, the Organization recorded deferred revenue for grants that are not conditional in nature. These grants, since unconditional, should have been recognized as revenue in the year received, and recorded as net assets with donor restrictions until all funds have been spent on their donor-designated purpose. As a result, revenue and net assets with donor restrictions were understated in prior years. A prior period restatement of \$100,896 to increase beginning net assets with donor restrictions as of July 1, 2023 was required in these financial statements.

Note 11: Subsequent Events

Events subsequent to June 30, 2024 have been evaluated through March 26, 2025, which is the date the financial statements were available to be issued. Management did not identify any subsequent events requiring disclosure.

Federal Awards

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors of
5Cities Homeless Coalition, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 5Cities Homeless Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 March 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered 5Cities Homeless Coalition, Inc.'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 5Cities Homeless Coalition, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 5Cities Homeless Coalition, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors

5Cities Homeless Coalition, Inc.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 5Cities Homeless Coalition, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 do not provide an opinion of the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a cursive, slightly stylized appearance.

Glenn Burdette Attest Corporation
San Luis Obispo, California

March 26, 2025



**Independent Auditors' Report on Compliance For Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of
5Cities Homeless Coalition, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 5Cities Homeless Coalition, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of 5Cities Homeless Coalition, Inc.'s major federal programs for the year ended June 30, 2024. 5Cities Homeless Coalition, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

In our opinion, 5Cities Homeless Coalition, Inc. 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 5Cities Homeless Coalition, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 5Cities Homeless Coalition, Inc.'s compliance with the compliance requirements referred to above.

Board of Directors

5Cities Homeless Coalition, Inc.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to 5Cities Homeless Coalition, Inc.'s federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 5Cities Homeless Coalition, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 5Cities Homeless Coalition, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 5Cities Homeless Coalition, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 5Cities Homeless Coalition, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 5Cities Homeless Coalition, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors

5Cities Homeless Coalition, Inc.

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Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



Glenn Burdette Attest Corporation
San Luis Obispo, California

March 26, 2025

5Cities Homeless Coalition, Inc.
Schedule of Expenditure of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Housing and Urban Development				
Passed through Community Action Partnership of San Luis Obispo County				
<u>COVID-19</u> : CDBG Grants/Entitlement Grants (CAP-CDBG CV-1)	14.218	B-O-UW-06-0508	\$ 93,750	\$ 20,000
Passed through the City of Grover Beach				
CDBG Grants/Entitlement Grants (GB CDBG 21-23)	14.218	21-CDBG-12027	118,690	
CDBG Grants/Entitlement Grants (GB CDBG 23-26)	14.218	22-CDBG-NH-00015	368,428	
<u>COVID-19</u> : CDBG Grants/Entitlement Grants (GB CDBG CV2/3)	14.218	20-CDBG-CV2-3-00077	52,158	
Passed through San Luis Obispo County				
CDBG Grants/Entitlement Grants (Co-CDBG 23-24)	14.218	B-23-UC-06-0508	41,871	
<u>COVID-19</u> : CDBG Grants/Entitlement Grants (Co-CDBG CV-3)	14.218	B-20-UW-06-0508	106,639	
Subtotal			<u>781,536</u>	<u>20,000</u>
Passed through San Luis Obispo County				
<u>COVID-19</u> : Emergency Solutions Grants (ESG-CV 2 A)	14.231	E-20-UW-06-0508	14,223	
<u>COVID-19</u> : Emergency Solutions Grants (CA-ESG CV1)	14.231	20-ESGCV1-0030	32,665	
<u>COVID-19</u> : Emergency Solutions Grants (CA-ESG CV2)	14.231	20-ESGCV1-0030	32,583	
Emergency Solutions Grant (Co-State ESG 23-24)	14.231	22-ESG-16009	110,693	45,000
Emergency Solutions Grant (Co-HESG 23-24 RRH)	14.231	E-23-UC-06-0508	81,966	
Emergency Solutions Grant (Co-HESG 23-24 OR)	14.231	E-23-UC-06-0508	62,380	
Passed through the State of California				
Emergency Solutions Grant (HCD ESG 23-24)	14.231	23-ESGHP-18071	103,088	
Subtotal			<u>437,598</u>	<u>45,000</u>
Passed through Community Action Partnership of San Luis Obispo County				
Continuum of Care Program (Cap-CE 23-24)	14.267	CA-614219274	36,000	
Total U.S. Department of Housing and Urban Development			<u>1,255,134</u>	<u>65,000</u>
U.S. Department of the Treasury				
Passed through Local Initiatives Support Corporation				
Emergency Rental Assistance Program (LISC)	21.023	52511-0001	132,167	
Passed through San Luis Obispo County				
Coronavirus State and Local Fiscal Recovery Funds	21.027	51006-30234	135,936	
Coronavirus State and Local Fiscal Recovery Funds	21.027	51062-31484	332,679	
Passed through City of Arroyo Grande				
Coronavirus State and Local Fiscal Recovery Funds	21.027	54153-45282	33,746	
Subtotal			<u>502,361</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>634,528</u>	

See accompanying notes to the schedule of expenditures of federal awards.

5Cities Homeless Coalition, Inc.
Schedule of Expenditure of Federal Awards
Year Ended June 30, 2024
Page 2

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Small Business Administration				
<u>COVID-19:</u> Disaster Assistance - Economic Injury and Disaster Loan	59.008	n/a	\$ 330,000	
Total U.S. Small Business Administration			330,000	
U.S. Department of Veterans' Affairs				
Passed through Good Samaritan				
Supportive Services for Veterans Families (SSVF 22-23)	64.033	22-CA-359	23,599	
Supportive Services for Veterans Families (SSVF 23-24)	64.033	23-CA-359	32,153	
Total U.S. Department of Veterans' Affairs			55,752	
U.S. Department of Homeland Security				
Passed through United Way Worldwide				
Emergency Food & Shelter Program (Phase 40)	97.024	086400-037	11,234	
Total U.S. Department of Homeland Security			11,234	
Total expenditures of federal awards			\$ 2,286,648	\$ 65,000

See accompanying notes to the schedule of expenditures of federal awards.

5Cities Homeless Coalition, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1: Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards (the schedule) is to present a summary of those activities of the 5Cities Homeless Coalition, Inc. (Organization) for the year ended June 30, 2024, which have been financed by federal awards. For purposes of the schedule, federal awards include all federal grants received directly from the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to and does not present either the financial position or changes in net position of the Organization.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic 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 in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather the rates established directly with the respective federal agencies.

Note 4: Loan Outstanding

The Organization had \$321,974 in total loans outstanding under the SBA Economic Injury and Disaster Loan Program (ALN 59.008). This loan program is also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards.

5Cities Homeless Coalition, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I: Summary of Auditors' Results

Financial Statements

(a) Type of auditors' report issued on financial statements: **Unmodified.**

(b) Internal control over financial reporting:

- Material weakness(es) identified: **No.**
- Significant deficiencies identified not considered to be material weaknesses: **None reported.**

(c) Noncompliance material to financial statements noted: **No.**

Federal Awards

(d) Internal control over major programs:

- Material weakness(es) identified: **No.**
- Significant deficiencies identified not considered to be material weaknesses: **None reported.**

(e) Type of auditors' report issued on compliance for major programs: **Unmodified.**

(f) Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516a): **No.**

(g) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**

(h) Major program(s):

- Coronavirus State and Local Fiscal Recovery Funds - #21.027

(i) Auditee qualified as low-risk auditee: **Yes.**

**Section II: Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance with Generally Accepted *Government Auditing Standards***

None.

Section III: Findings and Questioned Costs for Federal Awards

None.

5Cities Homeless Coalition, Inc.
Status of Prior Year Findings and Questioned Costs – June 30, 2023
Year Ended June 30, 2024

Section IV: Status of Prior Year Findings and Questioned Costs

None as no findings in the prior year.