

Foundation for the Homeless, Inc.
Financial Statements and
Independent Auditors' Report
December 31, 2021

Foundation for the Homeless, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foundation for the Homeless, Inc.

Opinion

We have audited the accompanying financial statements of Foundation for the Homeless, Inc. (a Texas nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, 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 Foundation for the Homeless, Inc. as of December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for the Homeless, 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 opinion.

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.

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 Foundation for the Homeless, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Foundation for the Homeless, 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 Foundation for the Homeless, 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.

Dunagan Jack LLP

Austin, Texas
June 13, 2022

FINANCIAL STATEMENTS

Foundation for the Homeless, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Cash and cash equivalents	\$	497,118
Investments		70,983
Prepaid expenses and other assets		62,575
Grants and contributions receivable		199,490
Property and equipment		<u>41,756</u>
Total assets	\$	<u><u>871,922</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$	<u>40,163</u>
Total liabilities		<u>40,163</u>
Net assets		
Without donor restrictions		752,979
With donor restrictions		<u>78,780</u>
Total net assets		<u>831,759</u>
Total liabilities and net assets	\$	<u><u>871,922</u></u>

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

Foundation for the Homeless, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and contributions	\$ 1,152,437	\$ 76,988	\$ 1,229,425
Special events (net of direct expenses of \$15,056)	123,520	-	123,520
Gain on sale of property and equipment	26,000	-	26,000
Return on investments	7,833	-	7,833
Other revenues	3,138	-	3,138
Net assets released from restrictions	<u>9,833</u>	<u>(9,833)</u>	<u>-</u>
Total revenues	<u>1,322,761</u>	<u>67,155</u>	<u>1,389,916</u>
Expenses			
Program services	852,508	-	852,508
General and administrative	142,719	-	142,719
Fundraising	<u>37,117</u>	<u>-</u>	<u>37,117</u>
Total expenses	<u>1,032,344</u>	<u>-</u>	<u>1,032,344</u>
Change in net assets	290,417	67,155	357,572
Net assets at beginning of year	<u>462,562</u>	<u>11,625</u>	<u>474,187</u>
Net assets at end of year	<u>\$ 752,979</u>	<u>\$ 78,780</u>	<u>\$ 831,759</u>

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

Foundation for the Homeless, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel				
Salaries and wages	\$ 291,164	\$ 65,162	\$ 23,767	\$ 380,093
Payroll taxes	26,182	5,859	2,137	34,178
Employee benefits	23,484	5,256	1,917	30,657
Direct client assistance	319,458	-	-	319,458
Shelter facilities and housing supplies	81,580	-	-	81,580
Office facilities	40,220	15,710	3,283	59,213
Professional and contract services	8,280	17,250	-	25,530
Office supplies and expenses	16,870	3,775	1,377	22,022
Breakfast facilities and supplies	21,525	-	-	21,525
Information technology	9,663	7,246	696	17,605
Insurance	-	10,002	-	10,002
Depreciation	6,440	248	90	6,778
Travel	5,680	-	-	5,680
Postage and delivery	327	73	27	427
Other expenses	1,635	12,138	3,823	17,596
Total expenses	<u>\$ 852,508</u>	<u>\$ 142,719</u>	<u>\$ 37,117</u>	<u>\$ 1,032,344</u>

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

Foundation for the Homeless, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 357,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	6,778
Gain on the sale of property and equipment	(26,000)
Realized and unrealized (gains) losses on investments	(6,591)
Increase in prepaid expenses and other assets	(60,063)
Increase in grants and contributions receivable	(100,184)
Increase in accounts payable and accrued expenses	<u>30,204</u>
Net cash provided by operating activities	<u>201,716</u>
Cash flows from investing activities:	
Purchases of investments	(124,198)
Proceeds from sales/maturities of investments	70,580
Purchase of property and equipment	(38,314)
Proceeds from sale of property and equipment	<u>26,000</u>
Net cash used by investing activities	<u>(65,932)</u>
Cash flows from financing activities:	
	<u>-</u>
Increase in cash and cash equivalents	135,784
Cash and cash equivalents at beginning of year	<u>361,334</u>
Cash and cash equivalents at end of year	<u>\$ 497,118</u>
Amounts paid during the year for:	
Income taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

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

- The Feed My People Program (FMP) is open to anyone experiencing homelessness and poverty. This long-standing program is a partnership of 15 religious congregations in the Austin community. Together the organizations provide a filling, hot breakfast along with other limited services which can include, basic medical screening, eyeglasses, and assistance with obtaining identification documentation for individuals and families.
- The Family Rehousing Initiative (FRI) program is a housing focused shelter and rapid rehousing program for families with children experiencing homelessness. The primary purpose of FRI is to ensure that families experiencing homelessness have access to shelter, case management and rapid rehousing assistance. FRI's supportive services assist clients in transitioning from homelessness into permanent and stable housing. The housing focused shelter model motivates and guides families to stable housing as quickly as possible.
- The Foundation is a participating agency of the Best Single Source Plus Program (BSS Plus). This multi-agency collaborative provides comprehensive case management and direct financial assistance to eligible individuals and families in the Austin/Travis County area. The program's primary purpose is to establish housing stability and to both prevent and end homelessness.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

4. Cash and Cash Equivalents

The Foundation considers all checking accounts, savings accounts, money market funds, and certificates of deposit purchased with initial maturities of three months or less to be cash and cash equivalents.

5. Certificates of Deposit

Certificates of deposit are stated at cost, plus accrued interest.

6. Investments

Investments are stated at their readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE A - ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Property and Equipment

Acquisitions of property and equipment are capitalized at cost, if purchased, or fair market value on the date of donation, if received as a gift. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor.

8. Grants and Contributions

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

Revenue from grants that are considered to be conditional contributions are recognized as conditions are met or reimbursable expenses are incurred.

9. Functional Allocation of Expenses

Expenses are categorized by function as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to each function.

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE B - TAX EXEMPT STATUS

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). The Foundation is classified as a public charity described in Sections 509(a)(1) and 170(b)(1)(A)(vi). No provision for income taxes has been included in these financial statements.

NOTE C - INVESTMENTS

Investments comprised the following exchange traded funds at December 31, 2021:

SPDR S&P 500 ETF Trust (<i>SPY</i>)	\$	9,975
Vanguard Growth Index Fund (<i>VUG</i>)		9,949
iShares Russell 1000 Value (<i>IWD</i>)		9,740
Vanguard Mid Cap Index Fund (<i>VO</i>)		9,681
iShares Core U.S. Aggregate Bond (<i>AGG</i>)		6,959
Vanguard FTSE All-World ex-US Index Fund (<i>VEU</i>)		5,515
Vanguard Emerging Markets Stock Index Fund (<i>VWO</i>)		4,748
iShares Cohen & Steers REIT		3,119
Vanguard Short-Term Bond Index (<i>BSV</i>)		2,829
SPDR S&P International Small Cap (<i>GWX</i>)		2,757
Vanguard Small Cap Index Fund (<i>VB</i>)		2,260
iShares iBoxx \$ High Yield Corporate Bond (<i>HYG</i>)		2,088
iShares Core International Aggregate Bond (<i>IAGG</i>)		1,363
		<hr/>
	\$	70,983

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques that measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements). The Foundation's investments are all valued based on Level 1 measures.

NOTE D - GRANTS AND CONTRIBUTIONS RECEIVABLE

The grants and contributions receivable balance at December 31, 2021 was considered fully collectible. Therefore, no allowance for uncollectible amounts has been recorded in these financial statements. At December 31, 2021, collections of grants and contributions receivable were expected within one year, therefore, no discount to present value has been recorded in these financial statements.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment comprised the following at December 31, 2021:

Vehicles	\$	66,832
Furniture and equipment		7,690
Software		<u>2,739</u>
		77,261
Less accumulated depreciation		<u>(35,505)</u>
	\$	<u><u>41,756</u></u>

Depreciation expense totaled \$6,778 for the year ended December 31, 2021.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes at December 31, 2021:

Subject to expenditure for specified purposes/periods:		
Future periods	\$	48,292
Move-in kits		20,841
Financial assistance		<u>9,647</u>
Total for specified purposes/periods	\$	<u><u>78,780</u></u>

NOTE G - LINE OF CREDIT

The Foundation executed an unsecured line of credit with a bank for \$50,000. There were no balances outstanding at December 31, 2021. The line of credit was closed in April 2022.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE H - LEASES

The Foundation leases office space, office equipment, and program facilities under various operating lease agreements. As of December 31, 2021, future minimum lease payments under these operating leases were as follows:

<u>Years ending December 31,</u>	<u>Minimum Lease Payments</u>
2022	\$ 100,218
2023	73,733
2024	43,032
thereafter	-

Office rent expense totaled \$48,580 for the year ended December 31, 2021. Program facility rent expense totaled \$24,000 for the year ended December 31, 2021. Equipment rent expense totaled \$1,421 for the year ended December 31, 2021.

NOTE I - CONCENTRATIONS

Four donors comprised the following percentages of gross grants and contributions receivable and grants and contributions revenue as of and for the year ended December 31, 2021:

	<u>Grants and Contributions Receivable</u>	<u>Grants and Contributions Revenue</u>
Donor A	40%	29%
Donor B	25%	22%
Donor C	24%	7%
Donor D	11%	12%

NOTE J - GRANTOR AUDITS

The Foundation receives grants from foundations and governments for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures and services disallowed under terms and conditions of the appropriate agency. In the opinion of the Foundation's management, such disallowances, if any, will not be significant.

Foundation for the Homeless, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Foundation's financial assets, reduced by amounts not available for general use within one year because of donor-imposed restrictions, as of December 31, 2021:

Cash and cash equivalents	\$	497,118
Investments		70,983
Grants and contributions receivable, due in less than one year		<u>199,490</u>
Total financial assets		767,591
Donor-imposed restrictions:		
Subject to expenditure for specified purposes		<u>(30,488)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>737,103</u></u>

NOTE L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 13, 2022, the date the financial statements were available to be issued.