HOUSING COLLABORATIVE

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Housing Collaborative
Charlotte, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Housing Collaborative, which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and cash flows for the years 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 Housing Collaborative as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years 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 (GAAS) 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Housing Collaborative 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, in 2023, Housing Collaborative adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. 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.

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 Housing Collaborative's ability to continue as a going concern for one year after the date 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 opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Housing Collaborative'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 Housing Collaborative's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Housing Collaborative

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023, on our consideration of Housing Collaborative'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 result of that testing, and not to provide an opinion on the effectiveness of Housing Collaborative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 19, 2023

HOUSING COLLABORATIVE
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 2,048,839	$ 1,747,373
Accounts Receivable	1,520,064	1,759,561
Other Receivables	3,999	7,082
Security Deposit	22,312	22,312
Prepaids and Other Assets	37,624	29,474
Property and Equipment, Net	159,891	91,303
Right of Use Asset - Operating	615,537	-
Total Assets	$ 4,408,266	$ 3,657,105
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 100,170	$ 176,944
Unearned Revenue	648,878	544,204
Right of Use Liability	615,537	-
Notes Payable	-	689
Total Liabilities	1,364,585	721,837
NET ASSETS		
Without Donor Restrictions	2,924,783	2,866,893
With Donor Restrictions	118,898	68,375
Total Net Assets	3,043,681	2,935,268
Total Liabilities and Net Assets	$ 4,408,266	$ 3,657,105

See accompanying Notes to Financial Statements.

HOUSING COLLABORATIVE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Fees	$ 802,302	$ -	$ 802,302
Contributions and Grant Income	34,543,911	102,263	34,646,174
Contributed Nonfinancial Assets	155,004	-	155,004
Other Revenue	1,383,683	-	1,383,683
Net Assets Released from Restrictions	51,740	(51,740)	-
Total Revenue and Other Support	36,936,640	50,523	36,987,163
EXPENSES			
Program Expenses	36,496,677	-	36,496,677
Management and General	371,878	-	371,878
Fundraising Expenses	10,195	-	10,195
Total Expenses	36,878,750	-	36,878,750
CHANGE IN NET ASSETS FROM OPERATIONS	57,890	50,523	108,413
Net Assets - Beginning of Year	2,866,893	68,375	2,935,268
NET ASSETS - END OF YEAR	$ 2,924,783	$ 118,898	$ 3,043,681

See accompanying Notes to Financial Statements.

HOUSING COLLABORATIVE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Fees	$ 2,279,017	$ -	$ 2,279,017
Contributions and Grant Income	79,559,575	50,941	79,610,516
Contributed Nonfinancial Assets	191,890	-	191,890
Other Revenue	1,386,071	-	1,386,071
Net Assets Released from Restrictions	170,521	(170,521)	-
Total Revenue and Other Support	83,587,074	(119,580)	83,467,494
EXPENSES			
Program Expenses	82,101,705	-	82,101,705
Management and General	139,333	-	139,333
Fundraising Expenses	8,697	-	8,697
Total Expenses	82,249,735	-	82,249,735
CHANGE IN NET ASSETS FROM OPERATIONS	1,337,339	(119,580)	1,217,759
Net Assets - Beginning of Year	1,529,554	187,955	1,717,509
NET ASSETS - END OF YEAR	$ 2,866,893	$ 68,375	$ 2,935,268

See accompanying Notes to Financial Statements.

HOUSING COLLABORATIVE
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 108,413	$ 1,217,759
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	51,580	22,650
(Increase) Decrease in Assets:		
Accounts Receivable	239,497	(806,975)
Other Receivables	3,083	2,308
Prepaid Expense	(8,150)	5,698
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(76,774)	59,326
Unearned Revenue	104,674	(57,818)
Net Cash Provided by Operating Activities	422,323	442,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(120,168)	(64,490)
Net Cash Used by Investing Activities	(120,168)	(64,490)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(689)	(8,790)
Net Cash Used by Financing Activities	(689)	(8,790)
NET INCREASE IN CASH AND CASH EQUIVALENTS	301,466	369,668
Cash and Cash Equivalents - Beginning of Year	1,747,373	1,377,705
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,048,839	$ 1,747,373

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Housing Collaborative (the Organization) is a North Carolina nonprofit public benefit corporation. Its mission is to connect people to housing and provide supportive second chance employment. Its call center assists tenants, property providers, and housing agency employees to list and search for housing online in 30 states. In addition to its call center services, Housing Collaborative provides housing retention and housing placement services, including rental subsidy and other housing assistance administration, on behalf of tenants and homeless services agencies in the Charlotte, North Carolina area.

On August 7, 2015, Housing Collaborative consummated an asset purchase agreement with Emphasys Computer Solutions, Inc. (Emphasys) that covers services tied to the online housing locator tool. Under the terms of the asset purchase agreement, Housing Collaborative sold the online housing locator tool and all its right, title, and interests in contracts related to that tool to Emphasys. Subsequent to the consummation of the asset purchase agreement, services under the contracts assumed by Emphasys were to be split between Housing Collaborative and Emphasys through August 2022 when the service arrangement with Emphasys ended.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets and related revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of Housing Collaborative and/or the passage of time. Housing Collaborative has adopted a policy to record all donor-restricted contributions as without donor restrictions if the funds were utilized in the current fiscal year.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

For financial statement purposes, Housing Collaborative considers all highly liquid investments with a maturity of less than three months when purchased to be cash equivalents. Housing Collaborative maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Company (FDIC). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit; however, management believes they are not exposed to any significant cash credit risk.

Accounts Receivables

Accounts receivable consists of receivables from fee-for-service arrangements and grant awards. At March 31, 2023 and 2022, approximately $7,000 and $211,000, respectively, relates to receivables from fee-for-service arrangements. At March 31, 2023 and 2022, approximately $1,513,000 and $1,549,000, respectively, relates to receivables from grant awards. Management establishes an allowance for doubtful accounts, if necessary, equal to the estimated uncollectible amounts, which is based on an assessment of the collectability of specific accounts and a review of the current status of accounts receivable. As of March 31, 2023 and 2022, management determined that an allowance for doubtful accounts was not necessary. Receivables are written off when they are 6 to 12 months delinquent or at such later date as determined by management when the probability of collection is negligible. There was no recorded bad debt expense for the years ended March 31, 2023 and 2022.

Property and Equipment

Equipment is recorded at cost less accumulated depreciation. Housing Collaborative capitalizes all property with an economic benefit longer than one year and cost over $2,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, as indicated below.

Computers and Peripheral Equipment	3 to 5 Years
Software	3 Years
Building and Improvements	15 to 39 Years
Furniture and Fixtures	5 to 7 Years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Realization of Long-Lived Assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Contributions and Grant Income

Contributions received are recorded as net assets with or without donor restrictions support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 statements of activities as net assets released from restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return or release – are not recognized until the conditions on which they depend have been met. Conditional contributions whose conditions are met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to either be unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

A portion of Housing Collaborative's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Housing Collaborative has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures would be reported as unearned revenue in the statement of financial position. Housing Collaborative was awarded cost-reimbursable grants of approximately $12,978,000 and $29,151,000 for the years ended March 31, 2023 and 2022, respectively, that have not been recognized, because qualifying expenditures have not yet been incurred. Housing Collaborative recorded unearned revenue of approximately $649,000 and $544,000 for the years ended March 31, 2023 and 2022, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Fees revenue received is from fee-for-service arrangements awarded by city, county, and state governments. Management recognizes revenue from fee-for-service projects completed under arrangements awarded by local governments equally over the period of time initially estimated to complete the projects or until specific revenue recognition criteria have been met. Fees collected in advance of the completion of these projects are reported as unearned revenue on the statements of financial position. These initial estimates, however, may vary from the actual time required to complete the project and as a result the period of time over which revenue from fee-for-service arrangements awarded by local governments is actually recognized may vary from the estimates used to prepare the financial statements.

For contracts shared with Emphasys whereby Housing Collaborative fulfills the full-service call center duties and Emphasys completes project and other service elements, revenues are split. With the shared services and revenues arrangement, Housing Collaborative evaluates whether it is appropriate to recognize revenue based on the gross amounts billed to customers or net amount earned as revenue. When Housing Collaborative invoices for all the services and thus has the primary credit risk under the transaction, Housing Collaborative records the gross amount billed as revenue and portion to be remitted to Emphasys as cost of revenues in program expense. However, amounts received from Emphasys for Housing Collaborative’s share of revenue earned are recorded as fees revenues on a net basis. Approximately 72% and 74% of fees revenue earned for the years ended March 31, 2023 and 2022, respectively, was received from Emphasys. Revenue is recorded at the transaction price, which does not include any price concessions.

Donated Facilities

During the years ended March 31, 2023 and 2022, Housing Collaborative received a rent credit of approximately $155,000 and $192,000, respectively, from its landlord, Ascend Nonprofit Solutions, Inc. (formerly Children and Family Services Center, Inc.) (Ascend). These credits are approved by Ascend on an annual basis and are recorded as in-kind revenue and expense in the period in which they are received. Because there are numerous factors used in determining the rental rates each period, Housing Collaborative is unable to estimate the amount of below market rent for future periods. Accordingly, no receivable has been recorded in the accompanying statements of financial position for below market rent.

Income Tax Status

Housing Collaborative is a North Carolina nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Housing Collaborative is not classified as a private foundation.

Housing Collaborative follows the income tax standard for uncertain tax provisions. As a result of this standard, Housing Collaborative has evaluated its tax position and has determined it has no uncertain tax positions as of March 31, 2023 or 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update *2016-02, Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Housing Collaborative adopted the requirements of the guidance effective April 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

Housing Collaborative has elected to adopt the package of practical expedients available in the year of adoption. Housing Collaborative has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Housing Collaborative's ROU assets.

As a result of the adoption of the new lease accounting guidance, Housing Collaborative recognized on April 1, 2022, a lease liability of approximately $725,000, which represents the present value of the remaining operating lease payments of approximately $790,000, discounted using Housing Collaborative's risk-free rate of 2.53%, and a right-of-use asset of approximately $736,000, which represents the operating lease liability of $725,000.

The standard had a material impact on the balance sheets but did not have an impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while Housing Collaborative's accounting for finance leases remained substantially unchanged.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which increases transparency about the measurement of contributed nonfinancial assets recognized by nonprofit entities. This new standard requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities and to disclose information regarding the measurement of the nonfinancial assets. Required disclosures include whether the contributions were monetized or utilized during the reporting period, a description of the valuation technique used to determine a fair value measure, and a description of any donor-imposed restrictions associated with the contribution.

Subsequent Events

In preparing these financial statements, Housing Collaborative has evaluated events and transactions for potential recognition or disclosure through September 19, 2023, the date the financial statements were available to be issued.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31, 2023 and 2022:

	2023	2022
Leasehold Improvements	$ 39,021	$ 39,021
Computers and Peripheral Equipment	85,627	85,678
Software	135,824	20,354
Furniture and Fixtures	34,369	32,169
Subtotal	294,841	177,222
Less: Accumulated Depreciation	(134,950)	(85,919)
Property and Equipment, Net	$ 159,891	$ 91,303

Depreciation expense totaled approximately $52,000 and $23,000 for the years ended March 31, 2023 and 2022, respectively.

NOTE 4 LINE OF CREDIT

Housing Collaborative maintains a line of credit agreement with a financial institution which provides for borrowings up to $50,000. The line of credit is collateralized by Housing Collaborative's personal property. This agreement was originally dated February 8, 2017, and during the year ended March 31, 2022, was extended to expire on February 8, 2024. Interest on outstanding advances is payable monthly and accrues at the prime rate plus 1.49% per annum (9.24% and 4.74% at the years ended March 31, 2023 and 2022, respectively). There was no outstanding balance on this line of credit at March 31, 2023 or 2022.

NOTE 5 NOTES PAYABLE

During the year ended March 31, 2019, Housing Collaborative entered into a noninterest-bearing note payable with Ascend for implementation costs for $26,250, payable in 36 equal monthly installments beginning May 2019. The outstanding balance on the note payable at 2022 was approximately $1,000. The remaining principal balance was paid off in its entirety during the year ended March 31, 2023.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of March 31:

	2023	2022
Purpose Restrictions:		
Direct Assistance	$ 100,000	$ -
Other	18,898	19,625
Total Purpose Restrictions	118,898	19,625
Time Restrictions:		
United Way	-	48,750
Total Net Assets With Donor Restrictions	$ 118,898	$ 68,375

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events by specified donors. Amounts released from restrictions were approximately $52,000 and $171,000 for the years ended March 31, 2023 and 2022, respectively.

NOTE 7 FUNCTIONAL EXPENSES

Functional expenses are as follows for the years ended March 31, 2023 and 2022:

	2023			
	Program Expenses	Management and General	Fundraising Expenses	Total
Salaries, Wages, and Benefits	$ 1,951,081	$ 180,441	$ 7,511	$ 2,139,033
Cost of Revenues	16,308	855	83	17,246
Depreciation	48,776	2,555	249	51,580
Facilities	153,010	8,476	776	162,262
Services and Professional Fees	183,762	127,771	683	312,216
Office and Other Expenses	114,147	45,104	243	159,494
COVID-19 Direct Relief Expenses	33,889,223	-	-	33,889,223
Operating Lease Expense	140,370	6,676	650	147,696
Total	$ 36,496,677	$ 371,878	$ 10,195	$ 36,878,750

NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)

	2022			
	Program Expenses	Management and General	Fundraising Expenses	Total
Salaries, Wages, and Benefits	$ 2,059,504	$ 97,488	$ 5,691	$ 2,162,683
Cost of Revenues	57,955	2,862	267	61,084
Depreciation	21,490	1,061	99	22,650
Facilities	355,126	17,651	1,575	374,352
Services and Professional Fees	329,523	11,531	843	341,897
Office and Other Expenses	135,808	8,347	222	144,377
COVID-19 Direct Relief Expenses	79,142,299	393	-	79,142,692
Total	$ 82,101,705	$ 139,333	$ 8,697	$ 82,249,735

All expenses that can be specifically identified to a program are directly coded and expensed to the program. Certain costs, such as depreciation, insurance, and departmental expenses charged to office support, have been allocated among the program and supporting services benefit based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

NOTE 8 EMPLOYEE BENEFIT PLAN

Housing Collaborative established a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code, covering substantially all employees, effective March 1, 2009. Under the plan, employees contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. There were no plan contributions made by Housing Collaborative for the years ended March, 31, 2023 and 2022.

On January 1, 2019, Housing Collaborative began participating in a 401(k) plan administered by Ascend, a defined contribution retirement savings plan which covers all full-time and part-time employees of Housing Collaborative who meet certain minimal eligibility requirements. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Each year, participants may make contributions on a pre-tax basis up to maximum amounts established by the Internal Revenue Service beginning the first day of the quarter following date of hire. Housing Collaborative contributes a matching contribution of 100% of the first 1% of base compensation that a participant contributes and 50% of the next 5% that a participant contributes.

Housing Collaborative's contributions to the plan for the year ended March 31, 2023 and 2022 were approximately $28,000 and $29,000, respectively.

NOTE 9 CONCENTRATIONS

Accounts receivable concentrations as of the years ended March 31, 2023 and 2022:

	2023	2022
Emphasys	- %	10 %
United Way	22	56
City of Charlotte	44	17
Other	34	17
Total	100 %	100 %

During the years ended March 31, 2023 and 2022, 86% and 92% of revenues were received from a single governmental funding source.

NOTE 10 OPERATING LEASE

Housing Collaborative has determined it has one lease that is material to the financial statements and that there is one operating leases, which is included as operating ROU assets and operating lease liabilities in the accompanying statements of financial position. ROU assets represent Housing Collaborative's right to use leased assets over the term of the lease. Lease liabilities represent Housing Collaborative's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term.

Housing Collaborative has an office lease with a long-term, noncancelable lease agreement. The lease expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Total lease expense for the year ended March 31, 2023, was approximately $148,000.

As of March 31, 2022, maturities of lease liabilities for leases were as follows:

Year Ending March 31,	Amount
2024	$ 137,376
2025	137,376
2026	137,376
2027	137,376
2028	103,032
Total Undiscounted Cash Flows	652,536
Less: Present Value Discount	(36,999)
Total	$ 615,537

The individual lease contract does not provide information about the discount rate implicit in the lease. Housing Collaborative uses the risk-free borrowing rate of 2.53% to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

NOTE 10 OPERATING LEASE (CONTINUED)

The lease liability will continue to be impacted by new leases, lease modifications, lease terminations, and reevaluations of any new facts and circumstances. As of March 31, 2023, the weighted average lease term remaining that is included in the maturities of the right-of-use lease liabilities is 4.75 years. The weighted average discount rate used for operating lease was 2.53% as of March 31, 2023. The total cash paid for operating leases during the year ended March 31, 2023, was approximately $137,000.

Housing Collaborative elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended March 31, 2022, are made under prior lease guidance in FASB ASC 840.

Housing Collaborative leases office space under a 10-year agreement with Ascend, a nonprofit organization created to construct and maintain an office building to house Charlotte nonprofit agencies serving children and families in a central location at an affordable rate. The lease agreement also includes use of certain furniture, storage space, telephone system, computer equipment, and information technology and other collaborative services. The lease expires on December 31, 2027, and provides for automatic renewal upon expiration. Lease payments may be changed at Ascend's discretion. Total rent expense under this operating lease was $174,000 for 2022. Future minimum rent commitments under this facility lease were as follows:

Year Ending March 31,	Amount
2023	$ 137,376
2024	137,376
2025	137,376
2026	137,376
2027	137,376
Thereafter	103,032
Total	$ 789,912

NOTE 11 LIQUIDITY

Housing Collaborative strives to maintain liquid assets sufficient to cover 30 days of general expenditures. Substantially all of the revenue of Housing Collaborative is from fee for service arrangements, contributions, and grants. These revenues are considered to be available to meet cash needs for general operations if the restrictions are anticipated to be met within one year.

NOTE 11 LIQUIDITY (CONTINUED)

The following table reflects Housing Collaborative's financial assets available within one year of the statements of financial position for general expenditures as of March 31, 2023 and 2022:

	2023	2022
Cash and Cash Equivalents	$ 2,048,839	$ 1,747,373
Accounts Receivable	1,520,064	1,759,561
Other Current Receivables	3,999	7,082
Less: Net Assets with Donor Restrictions Subject to Expenditures for Specific Purposes	(118,898)	(19,625)
Total Net Financial Assets Available to Meet Liquidity Needs	$ 3,454,004	$ 3,494,391

Housing Collaborative also has a line of credit available to meet short-term needs. See Note 4 for information about the arrangement.

NOTE 12 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national, and global economies. The extent to which COVID-19 impacts Housing Collaborative's results are dependent on the breadth and duration of the pandemic and could be affected by other factors currently unable to be predicted. These impacts may include but are not limited to additional costs for emergency preparedness or loss of revenue due to reductions in certain revenue streams. Management believes Housing Collaborative is taking appropriate actions to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated at this time.

During the year ended March 31, 2023 and 2022, in response to the impacts of COVID-19, Housing Collaborative, in collaboration with other organizations, received a number of housing related grants aimed toward providing direct relief to extremely low to moderate income recipients. Revenues of approximately $34,004,000 and $79,186,000 received from these grants is included in contributions and grant income in the accompanying statement of activities for the year ended March 31, 2023 and 2022.

As part of the grant agreements, Housing Collaborative also received administration fees of approximately $1,363,000 and $1,386,000 included in other revenue in the accompanying statement of activities for the years ended March 31, 2023 and 2022, respectively. Direct relief expenses, of approximately $33,889,000 and $79,143,000, included assistance with rent, security deposits, utility relief, and other support to prevent homelessness and provide housing assistance. These expenses are included in the accompanying statements of activities as program expense.