HOUSING COLLABORATIVE

FINANCIAL STATEMENTS

MARCH 31, 2024 AND 2023

HOUSING COLLABORATIVE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Housing Collaborative

Opinion

We have audited the accompanying financial statements of Housing Collaborative (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Housing Collaborative as of March 31, 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 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 opinion.

Prior Period Financial Statements

The financial statements as of March 31 , 2023, were audited by CliftonLarsonAllen LLP, whose report dated September 19, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 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 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 auditing 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 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 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 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.

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.

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 a report dated August 29, 2024 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Collaborative's internal control over financial reporting and compliance.

Aprio, LLP

Matthews, North Carolina
August 29, 2024

HOUSING COLLABORATIVE
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND 2023

ASSETS

	2024	2023
Cash and cash equivalents	$ 920,850	$ 2,048,839
Investments	389,227	-
Accounts receivable	1,257,387	1,520,064
Other receivables	2,969	3,999
Security deposit	22,312	22,312
Prepaids and other assets	52,367	37,624
Property and equipment, net	123,823	159,891
Right of use asset - operating	492,019	615,537
Total assets	$ 3,260,954	$ 4,408,266

LIABILITIES AND NET ASSETS

	2024	2023
Liabilities:		
Accounts payable and accrued expenses	$ 136,882	$ 100,170
Unearned revenue	116,453	648,878
Right of use liability	492,019	615,537
Total liabilities	745,354	1,364,585
Net assets:		
Without donor restrictions	2,498,104	2,924,783
With donor restrictions	17,496	118,898
Total net assets	2,515,600	3,043,681
Total liabilities and net assets	$ 3,260,954	$ 4,408,266

See notes to the financial statements

HOUSING COLLABORATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Fees	$ 629,972	$ -	$ 629,972
Contributions and grant income	3,575,601	-	3,575,601
Contributed nonfinancial assets	151,564	-	151,564
Other revenue	1,457,965	-	1,457,965
Investment Income	21,218	-	21,218
Net assets released from restrictions	101,402	(101,402)	-
Total revenues and other support	5,937,722	(101,402)	5,836,320
Expenses:			
Program	6,088,378	-	6,088,378
Supporting activities:			
Management and general	240,782	-	240,782
Fundraising	35,241	-	35,241
Total expenses	6,364,401	-	6,364,401
Change in net assets	(426,679)	(101,402)	(528,081)
Net assets at beginning of year	2,924,783	118,898	3,043,681
Net assets at end of year	$ 2,498,104	$ 17,496	$ 2,515,600

See notes to the financial statements

HOUSING COLLABORATIVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues 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 revenues and other support	36,936,640	50,523	36,987,163
Expenses:			
Program	36,496,677	-	36,496,677
Supporting activities:			
Management and general	371,878	-	371,878
Fundraising	10,195	-	10,195
Total expenses	36,878,750	-	36,878,750
Change in net assets	57,890	50,523	108,413
Net assets at beginning of year	2,866,893	68,375	2,935,268
Net assets at end of year	$ 2,924,783	$ 118,898	$ 3,043,681

See notes to the financial statements

HOUSING COLLABORATIVE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
Cash flow from operating activities		
Change in net assets	$ (528,081)	$ 108,413
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	69,842	51,580
Unrealized gain on investments	(11,227)	-
Changes in operating assets and liabilities:		
Accounts receivable	262,677	239,497
Other receivables	1,030	3,083
Prepaids and other assets	(14,743)	(8,150)
Accounts payable and accrued expenses	36,712	(76,774)
Unearned revenue	(532,425)	104,674
Total adjustments	(188,134)	313,910
Net cash (used by) provided by operating activities	(716,215)	422,323
Cash flows from investing activities		
Purchases of investments	(628,000)	-
Proceeds from sale of investments	250,000	-
Purchases of property and equipment	(33,774)	(120,168)
Net cash used by investing activities	(411,774)	(120,168)
Cash flows from financing activities		
Payments on note payable	-	(689)
Net cash used by financing activities	-	(689)
Increase (decrease) in cash during the year	(1,127,989)	301,466
Cash and cash equivalents, beginning of year	2,048,839	1,747,373
Cash and cash equivalents, end of year	$ 920,850	$ 2,048,839

See notes to the financial statements

Note A
<u>Nature of Organization</u>

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 B
<u>Summary of Significant Accounting Policies</u>

<u>Basis of Accounting:</u>

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

<u>Financial Statement Presentation</u>:

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

- *Net Assets Without Donor Restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

- *Net Assets With Donor Restrictions*: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization 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 B
Summary of Significant Accounting Policies (Continued)

Use of Estimates:

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

Cash and Cash Equivalents:

The Organization considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at two commercial banks, these balances can exceed the FDIC insured deposit limit of $250,000 per financial institution. At March 31, 2024 and 2023, the Organization's cash balances held at the commercial banks exceeded the FDIC limit by $635,848 and $1,908,225, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

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 the Organization 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, the Organization evaluates whether it is appropriate to recognize revenue based on the gross amounts billed to customers or net amount earned as revenue. When the Organization invoices for all the services and thus has the primary credit risk under the transaction, the Organization 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 the Organization's share of revenue earned are recorded as fees revenue on a net basis. Approximately 0% and 72% of fees revenue earned for the year ended March 31, 2024 and 2023, respectively, was received from Emphasys. Revenue is recorded at the transaction price, which does not include any price concessions.

Note B
Summary of Significant Accounting Policies (Continued)

Accounts Receivable:

Accounts receivable consists of receivables from fee-for-service arrangements and grant awards. At March 31, 2024 and 2023, approximately $0 and $7,000, respectively, relates to receivables from fee-for-service arrangements. At March 31, 2024 and 2023, approximately $1,257,000 and $1,513,000, respectively, relates to receivables from grant awards. Management establishes an allowance for credit losses, 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, 2024 and 2023, management determined that an allowance for credit losses 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, 2024 and 2023.

Donated Goods and Services:

The Organization's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair value when received.

During the years ended March 31, 2024 and 2023, the Organization received a rent credit of approximately $151,000 and $155,000, respectively, from its landlord, Ascend Nonprofit Solutions, 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, and are included on the statement of activities as contributed nonfinancial assets. Because there are numerous factors used in determining the rental rates each period, the Organization 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.

Fair Value Measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Note B
Summary of Significant Accounting Policies (Continued)

The three general valuation techniques that may be used to measure fair value are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liability 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; and
- 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.

Property and Equipment:

Equipment is recorded at cost less accumulated depreciation. The Organization 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 - 5 years
Software	3 years
Leasehold improvements	15 - 39 years
Furniture and fixtures	5 - 7 years

Note B
Summary of Significant Accounting Policies (Continued)

Leases:

Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. The ROU assets resulting from operating leases are disclosed as right-of-use asset – operating and the related liabilities are included in right of use liability in the statements of financial position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as occupancy in the accompanying statements of functional expenses. Lease and non-lease components of office lease agreements are accounted as a single component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the Organization made the short-term lease election.

Impairment of Long-Lived Assets:

Long-lived assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. No impairment loss has been recognized during the years ended March 31, 2024 and 2023.

Functional Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Program services are the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission for which the Organization exists. Management and general activities are activities that are not identifiable with a single program or fundraising activity, but that are indispensable to the conduct of those activities and to the Organization’s existence. Fundraising activities are activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time.

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 charges 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 B
Summary of Significant Accounting Policies (Continued)

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 the Organization’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 the Organization 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. The Organization was awarded cost-reimbursable grants of approximately $34,225,000 and $12,978,000 for the years ended March 31, 2024 and 2023, respectively, that have not been recognized, because qualifying expenditures have not yet been incurred. The Organization recorded unearned revenue of approximately $117,000 and $649,000 for the years ended March 31, 2024 and 2023, respectively.

Tax Exempt Status:

The Organization is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes is required. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. The Organization is no longer subject to income tax examinations for tax years up to and including 2021.

Note B
Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance:

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326), or CECL, which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year of adoption.

The Organization adopted CECL effective April 1, 2023, using the required modified retrospective approach. The adoption of CECL resulted in an immaterial cumulative effect adjustment recorded in retained earnings as of April 1, 2023. Financial assets and liabilities held by the Organization subject to the “expected credit loss” model prescribed by CECL include accounts receivable.

Accounts receivables are recorded at the time of billing. As a result of the adoption of ASU No. 2016-13, Financial Instruments-Credit Losses, the Organization changed its accounting policy for allowance for credit losses.

The Organization monitors accounts receivable balances and estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors and forecasted economic conditions.

Note C
Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of March 31, 2024 and 2023:

	2024	2023
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	$ 920,850	$ 2,048,839
Investments	389,227	-
Accounts receivable	1,257,387	1,520,064
Other current receivables	2,969	3,999
Total financial assets	2,570,433	3,572,902
Less: net assets with donor restrictions	(17,496)	(118,898)
Total financial assets available for general expenditure within one year	$ 2,552,937	$ 3,454,004

Note C
Liquidity and Availability of Resources (Continued)

During the year ended March 31, 2023, DreamKey Partners provided the Organization a one-time advance in RAMP (Emergency Rental Assistance) program funds of $500,000 with a condition that unspent funds as of December 31, 2023, would be returned to DreamKey Partners. During the year ended March 31, 2024, the funds remained unspent and the $500,000 advance was returned to DreamKey Partners in accordance with the agreement.

The Organization also has a line of credit available to meet short-term needs.

Note D
Investments

Investments consisted of the following as of March 31, 2024 and 2023:

	2024	2023
Certificates of deposit	$ 389,227	$ -
Total investments	389,227	-
Cash	131,986	-
Total investment portfolio	$ 521,213	$ -

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The components of investment return are as follows for the years ended March 31, 2024 and 2023:

	2024	2023
Interest and dividends	$ 10,141	$ -
Realized gains	-	-
Unrealized gains (losses)	11,227	-
Less: investment expenses	(150)	-
	$ 21,218	$ -

Note E
Property and Equipment

The following is a summary of property and equipment at cost at March 31, 2024 and 2023:

	2024	2023
Leasehold improvements	$ 39,021	$ 39,021
Furniture and fixtures	34,369	34,369
Computers and peripheral equipment	104,821	85,627
Software	150,404	135,824
	328,615	294,841
Less: accumulated depreciation	(204,792)	(134,950)
Property and equipment, net	$ 123,823	$ 159,891

Depreciation expense for the years ended March 31, 2024 and 2023, totaled $69,842 and $51,580, respectively.

Note F
Line of Credit

The Organization maintains a line of credit agreement with a financial institution which provides borrowings up to $50,000. The line of credit is collateralized by the Organization's personal property. This agreement was originally dated February 8, 2017, and was extended to expire on May 8, 2024. Interest on outstanding advances is payable monthly and accrues at the prime rate plus 1.49% per annum (9.99% and 9.24% at the years ended March 31, 2024 and 2023, respectively). There was no outstanding balance on the line of credit at March 31, 2024 and 2023.

Note G
Note Payable

During the year ended March 31, 2019, the Organization entered into a noninterest-bearing note payable with Ascend for implementation cost for $26,250, payable in 36 equal monthly installments beginning May 2019. The remaining principal balance was paid off in its entirety during the year ended March 31, 2023.

Note H
Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of March 31, 2024:

	Beginning Balance	Transfers	Contributions and Income	Released from Restrictions	Ending Balance
Purpose restrictions:					
Direct assistance	$ 100,000	$ -	$ -	$ 100,000	$ -
Other	18,898	-	-	1,402	17,496
Total net assets with donor restrictions	$ 118,898	$ -	$ -	$ 101,402	$ 17,496

Net assets with donor restrictions consist of the following as of March 31, 2023:

	Beginning Balance	Transfers	Contributions and Income	Released from Restrictions	Ending Balance
Purpose restrictions:					
Direct assistance	$ -	$ -	$ 100,000	$ -	$ 100,000
Other	19,625	-	2,263	2,990	18,898
Time restrictions:					
United Way	48,750	-	-	48,750	-
Total net assets with donor restrictions	$ 68,375	$ -	$ 102,263	$ 51,740	$ 118,898

Note I
Functional Expenses

Functional expenses are as follows for the year ended March 31, 2024:

	Program Expenses	Management and General	Fundraising Expenses	Total
Direct relief expenses	$ 3,298,621	$ -	$ -	$ 3,298,621
Salaries, wages, and benefits	2,118,068	147,108	29,048	2,294,224
Service and professional fees	205,078	59,266	1,555	265,899
Operating lease expense	142,236	11,587	1,824	155,647
Facilities	141,362	11,500	1,810	154,672
Office and other expenses	119,189	6,122	185	125,496
Depreciation	63,824	5,199	819	69,842
Total functional expenses	$ 6,088,378	$ 240,782	$ 35,241	$ 6,364,401

Note I
Functional Expenses (Continued)

Functional expenses are as follows for the year ended March 31, 2023:

	Program Expenses	Management and General	Fundraising Expenses	Total
Direct relief expenses	$33,889,223	$ -	$ -	$33,889,223
Salaries, wages, and benefits	1,951,081	180,441	7,511	2,139,033
Service and professional fees	183,762	127,771	683	312,216
Facilities	153,010	8,476	776	162,262
Office and other expenses	114,147	45,104	243	159,494
Operating lease expense	140,370	6,676	650	147,696
Depreciation	48,776	2,555	249	51,580
Cost of revenues	16,308	855	83	17,246
Total functional expenses	$36,496,677	$ 371,878	$ 10,195	$36,878,750

Note J
Lease Commitments

The Organization has an office lease with a long-term, noncancelable lease agreement. The lease expires on December 31, 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Total rent expense under this operating lease as of March 31, 2024 and 2023, was $156,000 and $148,000, respectively.

The components of the leases for the year ending March 31, 2024, are as follows:

	Amount
Operating lease cost	$ 137,376
Cash paid for amounts included in the measurement of lease liabilities - operating lease	$ 137,376
Lease liabilities arising from obtaining right of use assets	$ 492,019
Weighted-average remaining lease term - operating lease	3.75 years
Weighted-average discount rate - operating lease	2.53 %

Note J
Lease Commitments (Continued)

Maturities of the lease liability under the noncancelable operating lease as of March 31, 2024, are as follows:

Year Ending March 31	Total Lease Payment
2025	$ 137,376
2026	137,376
2027	137,376
2028	103,032
Total undiscounted lease payments	515,160
Less: imputed interest	(23,141)
Total lease liability	$ 492,019

Note K
Retirement Plan

The Organization 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 the Organization for the years ending March 31, 2024 and 2023.

On January 1, 2019, the Organization 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 the Organization 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. The Organization 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.

The Organization's contributions to the plan for the years ended March 31, 2024 and 2023, totaled $37,818 and $27,943, respectively.

Note L
Concentrations

Accounts receivable concentrations as of the years ended March 31, 2024 and 2023:

	2024	2023
United Way	10 %	22 %
City of Charlotte	42	44
NC Office of Recovery & Resiliency	17	-
Other	31	34
Total	100 %	100 %

During the years ended March 31, 2024 and 2023, 67% and 86% of revenues were received from three governmental funding sources and a single government source, respectively.

Note M
Subsequent Events

Management considered all events through August 29, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to March 31, 2024, but prior to the issuance of this report, other than that mentioned below that would have a material impact on the financial statements.

On May 8, 2024, the Organization extended the line of credit to mature on August 8, 2026.

On June 1, 2024, the Organization amended the lease agreement. The amendment included reduction of office space and reduction of rent to a base rent of $9,025 per month.

SUPPLEMENTARY INFORMATION

HOUSING COLLABORATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures	Pass-through Entity Identifying Number	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:				
City of Charlotte				
Community Development Block Grant	14.218	$ 110,175	2023000570	$ -
Community Development Block Grant - COVID 19	14.218	325,873	2020001178	-
Community Development Block Grant - COVID 19	14.218	84,961	2021001295	-
Total CDBG Entitlements Grants Cluster		521,009		-
City of Charlotte				
HOME Investment Partnerships Program (HOME ARP) - COVID-19	14.239	373,050	2024000220	-
United Way of Central Carolinas				
HOME Investment Partnerships Program (HOME ARP) - COVID-19	14.239	1,629,805	202303005	-
Total HOME Investment Partnerships Program (HOME ARP)		2,002,855		-
United Way of Central Carolinas				
Emergency Solutions Grant (ESG-CV-2) - COVID 19	14.231	168	2022051822	-
Emergency Solutions Grant (ESG-CV) - COVID 19	14.231	1,574	00041488	-
Total Emergency Solutions Grant		1,742		-
North Carolina Commission of Indian Affairs				
Project Based Rental Assistance - EHV Tenant Assistance Funds	14.195	5,831		-
North Carolina Office of Recovery and Resiliency				
Project Based Rental Assistance - EHV Tenant Assistance Funds	14.195	190,987	2026	-
Total Section 8 Project-Based Cluster		196,818		

HOUSING COLLABORATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures	Pass-through Entity Identifying Number	Passed Through to Subrecipients
Continuum of Care Program	14.267	458,440		-
North Carolina Office of Recovery and Resiliency				
Continuum of Care Program	14.267	100	NC0490H4F032200	-
Total Continuum of Care Program		458,540		-
Total U.S. Department of Housing and Urban Development		3,180,964		-
U.S. Department of the Treasury:				
State of North Carolina, County of Mecklenburg				
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	396,901	41877415	-
North Carolina Office of Recovery and Resiliency				
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	8,039	ERA2-2021-000	-
Total Coronavirus State and Local Fiscal Recovery Funds - COVID-19		404,940		-
North Carolina Office of Recovery and Resiliency				
Emergency Rental Assistance Program - COVID-19	21.023	472,134	ERA-0019	-
Emergency Rental Assistance Program - COVID-19	21.023	5,259	ERA-0019	-
Total Emergency Rental Assistance Program		477,393		-
Total U.S. Department of the Treasury		882,333		-
Total Expenditures of Federal Awards		$ 4,063,297		$ -

See Independent Auditors' Report

HOUSING COLLABORATIVE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MARCH 31, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Housing Collaborative under programs of the federal government for the year ended March 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Collaborative, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Housing Collaborative.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

Housing Collaborative has elected to use the 10-percent de minims indirect cost rate allowed under the Uniform Guidance.

HOUSING COLLABORATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2024

Section I-Summary of Auditors' Results

Financial Statements

Report on the Financial Statements:

Opinion on audited financial statements:	Unmodified
Going concern issue	No

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards:

Instances of fraud, non-compliance, or abuse of law, regulations, contracts or grants that have a material effect on the financial statements	No
Significant deficiencies or material weaknesses indicator	No

Federal Awards

Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance:

Opinion on compliance with laws, regulations, and contracts applicable to each major program	Unmodified
Significant deficiencies or material weaknesses in internal controls over compliance indicator	No

Schedule of Findings and Questioned Costs

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of OMB Uniform Guidance	No
Dollar threshold used to distinguish between type A and type B programs	$750,000
Low-risk auditee indicator	Yes

Identification of Major Programs

Grantor/Program or Cluster Title	Federal Assistance Listing Number
Continuum of Care Program	14.267
Coronavirus State and Local Fiscal Recovery Funds	21.027

Section II - Findings - Financial Statements Audit

None

Section III - Findings and Questioned Costs - Major Federal Award Programs Audit

None

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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
Housing Collaborative

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 Housing Collaborative, which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Collaborative's internal control over financial reporting (internal control) as a basis for designing 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 the Housing Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Collaborative's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Collaborative's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aprio, LLP

Matthews, North Carolina
August 29, 2024

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
Housing Collaborative

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Collaborative'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 Housing Collaborative's major federal programs for the year ended March 31, 2024. Housing Collaborative's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Collaborative complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Housing Collaborative and to meet our other ethical responsibilities, in accordance with 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 Housing Collaborative's compliance with the compliance requirements referred to above.

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 Housing Collaborative's federal programs.

Auditors' Responsibilities 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 Housing Collaborative'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 Housing Collaborative'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 Housing Collaborative'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 Housing Collaborative'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 Housing Collaborative'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.

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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, 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.

Aprio, LLP

Matthews, North Carolina
August 29, 2024