

**TOLEDO LUCAS COUNTY
HOMELESSNESS BOARD**

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Toledo Lucas County Homelessness Board

Report on the Financial Statements

We have audited the accompanying financial statements of Toledo Lucas County Homelessness Board (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Lucas County Homelessness Board as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of Toledo Lucas County Homelessness Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Toledo Lucas County Homelessness Board'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 Toledo Lucas County Homelessness Board's internal control over financial reporting and compliance.

DeMarco & Associates CPAs, LLC

September 30, 2021

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS		2020	2019
Assets			
Cash	\$	173,507	\$ 26,506
Grants receivable		332,998	105,645
Deposits		925	925
Total assets	\$	507,430	\$ 133,076
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$	49,580	\$ 49,588
Accrued payroll and payroll liabilities		29,104	8,015
Deferred revenue		334,531	-
Total liabilities		413,215	57,603
Net assets			
Without donor restrictions		9,796	26,646
With donor restrictions		84,419	48,827
Total net assets		94,215	75,473
Total liabilities and net assets	\$	507,430	\$ 133,076

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

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Totals
Revenue and other support			
Grants and contracts	\$ 547,600	\$ 1,195,800	\$ 1,743,400
Net assets released from restrictions	1,160,208	(1,160,208)	-
Total revenue and other support	1,707,808	35,592	1,743,400
Expenses			
Program services	1,626,506	-	1,626,506
Management and general	92,633	-	92,633
Fundraising	5,519	-	5,519
Total expenses	1,724,658	-	1,724,658
Change in net assets	(16,850)	35,592	18,742
Net assets - beginning of year	26,646	48,827	75,473
Net assets - end of year	\$ 9,796	\$ 84,419	\$ 94,215

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>
Revenue and other support			
Grants and contracts	\$ 91,797	\$ 898,952	\$ 990,749
Net assets released from restrictions	<u>873,019</u>	<u>(873,019)</u>	<u>-</u>
Total revenue and other support	964,816	25,933	990,749
Expenses			
Program services	880,873	-	880,873
Management and general	67,189	-	67,189
Fundraising	<u>3,786</u>	<u>-</u>	<u>3,786</u>
Total expenses	<u>951,848</u>	<u>-</u>	<u>951,848</u>
Change in net assets	12,968	25,933	38,901
Net assets - beginning of year	<u>13,678</u>	<u>22,894</u>	<u>36,572</u>
Net assets - end of year	<u>\$ 26,646</u>	<u>\$ 48,827</u>	<u>\$ 75,473</u>

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

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Totals</u>
Pass-through	\$ 597,739	\$ -	\$ -	\$ 597,739
Direct client assistance	489,901	-	-	489,901
Salaries and wages	190,491	57,198	4,284	251,973
Payroll taxes	11,998	3,602	270	15,870
Employee benefits	17,927	5,383	403	23,713
Professional fees	113,222	16,365	-	129,587
Rent	10,190	3,060	229	13,479
Training and education	961	-	-	961
HMIS licenses	29,254	-	-	29,254
Telephone and internet	4,755	1,428	107	6,290
Supplies	4,764	1,430	107	6,301
Miscellaneous	1,909	573	43	2,525
Mileage and parking	-	-	-	-
Insurance	-	2,433	-	2,433
Printing and advertising	119	-	-	119
Payroll processing fees	738	222	17	977
Office equipment	2,609	784	59	3,452
Postage	613	180	-	793
Workers compensation	(87)	(25)	-	(112)
Consulting	149,403	-	-	149,403
Total expenses	<u>\$ 1,626,506</u>	<u>\$ 92,633</u>	<u>\$ 5,519</u>	<u>\$ 1,724,658</u>

	Program Services	Management and General	Fundraising	2019 Totals
Pass-through	\$ 174,189	\$ -	\$ -	\$ 174,189
Direct client assistance	356,826	-	-	356,826
Salaries and wages	115,841	34,783	2,605	153,229
Payroll taxes	9,049	2,717	204	11,970
Employee benefits	19,695	5,914	443	26,052
Professional fees	96,638	13,968	-	110,606
Rent	9,957	2,990	224	13,171
Training and education	240	-	-	240
HMIS licenses	29,254	-	-	29,254
Telephone and internet	3,717	1,116	84	4,917
Supplies	5,031	1,511	113	6,655
Miscellaneous	1,597	479	36	2,112
Mileage and parking	578	173	13	764
Insurance	-	2,558	-	2,558
Printing and advertising	342	-	-	342
Payroll processing fees	900	270	20	1,190
Office equipment	2,002	601	45	2,648
	-	-	-	-
Postage	386	114	-	500
Workers compensation	(20)	(6)	-	(26)
Consulting	54,651	-	-	54,651
Total expenses	<u>\$ 880,873</u>	<u>\$ 67,189</u>	<u>\$ 3,786</u>	<u>\$ 951,848</u>

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

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 18,742	\$ 38,901
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Increase in:		
Grants receivable	(227,353)	(24,896)
Increase (decrease) in:		
Accounts payable	(8)	1,728
Accrued payroll and payroll liabilities	21,089	(14,495)
Deferred revenues	334,531	-
Net cash provided by operating activities	147,001	1,238
Net increase in cash	147,001	1,238
Cash at beginning of year	26,506	25,268
Cash at end of year	\$ 173,507	\$ 26,506

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

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note A - Significant accounting policies

Nature of operations

Toledo Lucas County Homelessness Board (the “Organization”) is a nonprofit organization established for the purpose of providing fair and equitable services to the Toledo Lucas County Continuum of Care and its members in preventing, reducing and ending homelessness.

The Organization manages funding provided by the U.S. Department of Housing and Urban Development through the Continuum of Care. The Continuum of Care projects are administered by nine agencies and provide homeless individuals and families with a wide range of services to assist them in achieving and maintaining permanent housing. These projects include: Transitional Housing, Permanent Supporting Housing, Support Services, and Leasing Subsidy: Outreach, and Medical Transport.

Basis of presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with a specific period of time and are recorded as incurred without regard to the date of receipt or the payment of cash.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Concentration

The Organization received approximately 18% and 30% of its annual budget from Ohio Development Services Agency for 2020 and 2019, respectively. The Organization received approximately 34% and 29% of its annual budget from pass through funding from the City of Toledo for 2020 and 2019, respectively. The Organization received approximately 17% and 31% of its annual budget from pass through funding from the U.S. Department of Housing and Urban Development for both years ending 2020 and 2019, respectively.

Cash and cash equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. While the Organization’s cash balances do at times exceed federally insured limits, the Organization feels it is not exposed to any significant risk.

Grants receivable/accounts payable

Grants receivable/accounts payable include flow through funding for the Emergency Solutions Grant Program (ESG) and Community Development Block Grants (CDBG) which reflects the cost reimbursements submitted (receivable) and program expense payable for program flow through disbursements and other operating expenses.

Property and equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are recorded at cost; donated furniture and fixtures are recorded at estimated fair value at the date of donation. Depreciation is provided at rates based on the estimated useful lives of the assets using the straight-line method.

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note A - Significant accounting policies (continued)

Net assets

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

Net assets without donor restrictions

Net assets that are available for use in general operations and not subject to donor or grantor-imposed restrictions. These net assets can be designated for specific purposes by the governing board.

Net assets with donor restrictions

Net assets that are subject to donor or grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain expenses have been allocated among the programs and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income and other taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

FASB ASC 740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended December 31, 2017 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters and has not recorded any unrecognized tax benefits or liability for penalties and interest.

The Organization is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note A - Significant accounting policies (continued)

Subsequent events

Subsequent events were evaluated through September 30, 2021, the date the financial statements were available to be issued.

Note B – Liquidity and availability of financial assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position are outlined in the following table. These assets include operating cash and grants receivable, not yet received.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 173,507	\$ 26,506
Grants receivable	332,998	105,645
Total	<u>\$ 506,505</u>	<u>\$ 132,151</u>

Note C - Grants receivable

Grants receivable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
HMIS Fees	\$ 18,900	\$ 14,498
ESG/CDBG – City of Toledo	197,518	24,480
ODSA	96,378	38,667
HUD	20,202	28,000
Total	<u>\$ 332,998</u>	<u>\$ 105,645</u>

Note D – Property and equipment

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Software	\$ 11,500	\$ 11,500
Less accumulated depreciation	11,500	11,500
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>

Note E – Accounts payable

Accounts payable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
ODSA Programs Costs	\$ 5,446	\$ 33,816
ESG Program Costs	42,608	-
Trade payables	1,526	15,772
Total	<u>\$ 49,580</u>	<u>\$ 49,588</u>

TOLEDO LUCAS COUNTY HOMELESSNESS BOARD
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note F – Deferred revenues

Deferred revenues at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
OHFA – Emergency Housing Assistance	\$ 193,427	\$ -
OHFA – Criminal Justice Housing Program	75,304	-
COOHIO – Risk Mitigation Grant	17,284	-
United Way – Phase CARES	24,458	-
City of Toledo – TBRA	24,058	-
Total	<u>\$ 334,531</u>	<u>\$ -</u>

Note G – Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Ohio Development Services Agency	\$ 54,630	\$ 29,582
City of Toledo – TBRA	-	488
Department of Housing and Urban Development	29,789	18,757
Total	<u>\$ 84,419</u>	<u>\$ 48,827</u>

Note G – Retirement plan

The Organization has a 401(k) Defined Contribution Retirement Plan. Eligible employees may defer a portion of their salaries to the plan. The Organization matches participants' contributions to the plan up to 3% of the individual participant's compensation. Employer contributions to the plan at December 31, 2020 and 2019 were \$3,561 and \$3,521, respectively.