

**Found House-Interfaith Housing Network and Subsidiary**  
(formerly known as Interfaith Hospitality Network of Greater Cincinnati)

Financial Statements and  
Schedule of Expenditure of Federal Awards  
December 31, 2021(Consolidated) and 2020  
with Independent Auditor's Reports

Found House-Interfaith Housing Network and Subsidiary  
(formerly known as Interfaith Hospitality Network of Greater Cincinnati)  
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# Anderson-Kurtz

Financial Services LLC

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Found House-Interfaith Housing Network and Subsidiary  
(formerly known as Interfaith Hospitality Network of Greater Cincinnati)  
Cincinnati, Ohio

### **Opinion**

I have audited the accompanying consolidated financial statements of Found House-Interfaith Housing Network (formerly known as Interfaith Hospitality Network of Greater Cincinnati, an Ohio nonprofit corporation) and Subsidiary (an Ohio for-profit corporation), collectively, the "Organization," which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

I conducted my audits 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Found House-Interfaith Housing Network's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibility**

My objectives are to obtain reasonable assurance about whether the consolidated 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of program expenses and consolidating statement of position are presented for purposes of additional analysis and are not a required part of the financial statements. In addition, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of program expenses, the consolidating statement of position, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated September 8, 2022, on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Anderson-Kurtz Financial Services LLC*

Cincinnati, Ohio  
September 8, 2022

Found House-Interfaith Housing Network and Subsidiary  
 Statements of Financial Position  
 December 31, 2021 (Consolidated) and 2020

	2021	2020
Assets:		
Current assets:		
Cash and cash equivalents	\$ 835,888	344,892
Accounts receivable	300,674	45
Contributions receivable	128,441	47,823
Grants receivable	488,851	550,119
	1,753,854	942,879
Noncurrent assets:		
Contributions receivable	39,055	62,697
Investment in LLC	594,841	302,505
Property and equipment, net	357,968	382,735
	991,864	747,937
Total assets	\$ 2,745,718	1,690,816
Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$ 313,388	12,923
Refundable advance	11,962	-
Current portion of long-term note	12,000	12,000
	337,350	24,923
Noncurrent liabilities:		
Note payable	57,500	69,500
Net assets:		
Without donor restrictions	1,726,826	1,214,854
With donor restrictions	624,042	381,539
	2,350,868	1,596,393
Total liabilities and net assets	\$ 2,745,718	\$ 1,690,816

See accompanying notes and independent auditor's report.

Found House-Interfaith Housing Network and Subsidiary  
Consolidated Statement of Activities  
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue and other support:			
Government grants	\$ 43,750	3,275,401	3,319,151
Contribution revenue	552,151	554,786	1,106,937
Development fees	-	35,314	35,314
Special event revenue, net	20,988	6,587	27,575
Interest	57	-	57
Net assets released from restrictions	3,629,585	(3,629,585)	-
Total operating revenue	4,246,531	242,503	4,489,034
Expenses:			
Program services	3,766,011	-	3,766,011
Supporting services expense			
Management and general	153,118	-	153,118
Fundraising	107,766	-	107,766
	260,884	-	260,884
Total operating expenses	4,026,895	-	4,026,895
Change in net assets from operations	219,636	242,503	462,139
Non-Operating Activities			
Investment in LLC	300,000	-	300,000
Loss on investment in LLC	(7,664)	-	(7,664)
Change in net assets	511,972	242,503	754,475
Net assets at beginning of year	1,214,854	381,539	1,596,393
Net assets at end of year	\$ 1,726,826	624,042	2,350,868

See accompanying notes and independent auditor's report.

Found House-Interfaith Housing Network and Subsidiary  
Statement of Activities  
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenue and other support:			
Government grants	\$ 21,108	2,861,386	2,882,494
Contribution revenue	538,733	608,199	1,146,932
Special event revenue, net	8,802	-	8,802
Interest	57	-	57
Loss on disposal of assets	(14,169)	-	(14,169)
Net assets released from restrictions	3,281,745	(3,281,745)	-
Total operating revenue	3,836,276	187,840	4,024,116
Expenses:			
Program services	3,197,091	-	3,197,091
Supporting services expense			
Management and general	99,955	-	99,955
Fundraising	100,934	-	100,934
	200,889	-	200,889
Total operating expenses	3,397,980	-	3,397,980
Change in net assets from operations	438,296	187,840	626,136
Non-Operating Activities			
Loss on investment in LLC	(7,664)	-	(7,664)
Change in net assets	430,632	187,840	618,472
Net assets at beginning of year	784,222	193,699	977,921
Net assets at end of year	\$ 1,214,854	381,539	1,596,393

See accompanying notes and independent auditor's report.



Found House-Interfaith Housing Network and Subsidiary  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Direct Donor Benefit Costs</u>	<u>Total Expenses</u>
Operating expenses:					
Salaries	\$ 924,855	52,501	58,691	-	1,036,047
Benefits	205,502	23,043	16,140	-	244,685
Payroll taxes	82,912	2,572	4,897	-	90,381
Client housing, transportation, other services	1,869,700	5,818	-	-	1,875,518
COVID client housing, supplies, other expense	452,559	3,465	-	-	456,024
Utilities and occupancy expense	38,500	2,511	853	-	41,864
Professional fees	28,598	39,358	814	-	68,770
Depreciation	31,124	1,749	2,099	-	34,972
Conferences and meetings	1,353	2,378	-	-	3,731
Travel and mileage	12,723	224	75	-	13,022
Printing and publications	2,581	690	14,866	-	18,137
Veterinary expenses	36,910	-	-	-	36,910
Supplies	47,664	2,427	231	-	50,322
Postage	2,840	-	2,752	-	5,592
Insurance	9,515	261	477	-	10,253
Dues	-	6,161	-	-	6,161
Telephone	9,808	7,647	256	-	17,711
Miscellaneous	1,249	1,971	1,708	-	4,928
Equipment rent and maintenance	7,618	342	301	-	8,261
Special events	-	-	-	11,471	11,471
Donor database	-	-	3,606	-	3,606
Total operating expenses	<u>\$ 3,766,011</u>	<u>153,118</u>	<u>107,766</u>	<u>11,471</u>	<u>4,038,366</u>

See accompanying notes and independent auditor's report.

Found House-Interfaith Housing Network and Subsidiary  
Statement of Functional Expenses  
Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Direct Donor Benefit Costs</u>	<u>Total Expenses</u>
Operating expenses:					
Salaries	\$ 764,992	35,389	53,852	-	854,233
Benefits	220,760	6,129	15,349	-	242,238
Payroll taxes	64,997	(32,672) A	4,484	-	36,809
Client housing, transportation, other services	1,668,473	192	-	-	1,668,665
COVID client housing, supplies, other expense	269,812	14,980	-	-	284,792
Utilities and occupancy expense	44,952	454	768	-	46,174
Professional fees	27,346	35,469	1,006	-	63,821
Depreciation	26,835	1,242	1,889	-	29,966
Conferences and meetings	891	2,233	-	10,000	13,124
Travel and mileage	17,063	337	158	-	17,558
Printing and publications	-	539	13,016	-	13,555
Veterinary expenses	37,944	-	-	-	37,944
Supplies	20,832	3,216	215	-	24,263
Postage	1,977	782	4,087	-	6,846
Insurance	13,548	450	828	-	14,826
Dues	1,160	10,718	-	-	11,878
Telephone	8,443	1,357	304	-	10,104
Miscellaneous	2,072	17,600	1,732	636	22,040
Interest expense	-	1,178	-	-	1,178
Equipment rent and maintenance	4,994	362	210	-	5,566
Special events	-	-	-	-	-
Donor database	-	-	3,036	-	3,036
Total operating expenses	<u>\$ 3,197,091</u>	<u>99,955</u>	<u>100,934</u>	<u>10,636</u>	<u>3,408,616</u>

A See Note 2, Allocation of Functional Expenses

Found House-Interfaith Housing Network and Subsidiary  
Statements of Cash Flows  
Years Ended December 31, 2021 (Consolidated) and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 754,475	618,472
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	34,972	29,966
Loss on disposal of property and equipment	-	14,169
Change in assets and liabilities:		
Accounts receivable	(300,629)	1,270
Contributions receivable	(56,976)	(62,935)
Grants receivable	61,268	(272,088)
Accounts payable	300,465	9,998
Refundable advance	11,962	(21,108)
Net cash provided (used) by operating activities	<u>805,537</u>	<u>317,744</u>
Cash flows from investing activities:		
Loss on investment in LLC	7,664	7,664
Investment in LLC	(300,000)	-
Purchase of property and equipment	(10,205)	(117,748)
Net cash used by investing activities	<u>(302,541)</u>	<u>(110,084)</u>
Cash flows from financing activities:		
Payment on note payable	(12,000)	(12,000)
Net cash used by financing activities	<u>(12,000)</u>	<u>(12,000)</u>
Net change in cash and cash equivalents	490,996	195,660
Cash and cash equivalents - beginning of year	<u>344,892</u>	<u>149,232</u>
Cash and cash equivalents - end of year	<u>\$ 835,888</u>	<u>344,892</u>

See accompanying notes and independent auditor's report.

## 1. ORGANIZATION, NATURE OF ACTIVITIES AND PRINCIPLES OF CONSOLIDATION

Found House-Interfaith Housing Network (formerly known as Interfaith Hospitality Network of Greater Cincinnati, “Found House”) is a non-profit corporation organized in 1991 under the laws of the State of Ohio. It operates in the Greater Cincinnati area to provide homeless families with emergency shelter and hospitality through interfaith communities and assists these families in the search for and retention of stable housing. The Organization is funded by contributions, government grants and fundraisers, and is supported by volunteers.

Found House owns 100% of Melrose Place GP, LLC (“Melrose Place”), a for-profit C-corporation formed in Ohio in June, 2020 for the purpose of providing future client housing. Construction of a resident building began in late 2021 with completion expected in late 2022. See Notes 5 and 18.

### Principles of Consolidation

The consolidated financial statements include the accounts of Found House and Melrose Place (collectively, the “Organization”). All significant intercompany accounts and transactions have been eliminated in consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- 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 Trustees.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have net assets with restrictions that are perpetual in nature as of December 31, 2021 and 2020.

### Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and interest on cash and cash equivalents. Non-operating activities include investments and other activities considered to be of a more unusual or nonrecurring nature.

### Estimates

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

### Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

### Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2021 and 2020, the Organization had cash balances in excess of federally insured limits of \$765,800 and \$232,000, respectively.

### Grants and Contributions Receivable

The Organization receives grants from various organizations, foundations, trusts and local governments, as well as contributions from individuals. Grants receivable as of December 31, 2021 and 2020 consist primarily of reimbursable program expenses incurred during each respective year and expected to be received from federal and local government agencies under various grant agreements.

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Organization uses an allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promised made. Management believes the contributions are receivable are collectible and an allowance is not necessary at December 31, 2021 and 2020. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense. There were no write-offs during 2021 and 2020.

### Property and Equipment

Property and equipment are recorded at cost (if purchased) or at market value at the date of gift (if donated). Expenditures for major additions and improvements are capitalized and repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, ranging from five to fifteen years.

### Investments

Investment in a limited liability company (LLC) is accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition costs plus the Organization's share of undistributed earnings or losses from the partnership.

### Revenue Recognition

Contributions are recognized as revenue in the period the unconditional promise is made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions, grants and bequests are recognized with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Interest income is recognized when earned.

A portion of the Organization's revenue is derived from cost-reimbursable federal and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost reimbursable grants of \$11,962 and \$0 that were not recognized at December 31, 2021 and 2020, respectively.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of the direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately.

Certain government revenue reflected in the statement of activities for the year ended December 31, 2020 represents the forgiven portion of a Small Business Association (SBA) Paycheck Protection Program (PPP) loan in the amount of \$183,910. Using the government grant model under FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*, the Organization recognized the amount as a government grant, in substance. See Note 17.

### Donated Assets and Services

Volunteers contribute significant amounts of time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Donated professional services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. Contributed assets are recorded at fair value at the date of donation.

### Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassification

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current year. These include receivables in the statement of position, contribution revenue in the statement of activities, and client and COVID expenses in the statement of functional expenses.

Allocation of Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Program employees using the space to all employees using the space
Insurance	Program employees covered to all employees covered
Office supplies and postage	Program employees using the supplies to all employees using the supplies
Printing	Program employees using the materials to all employees using the materials
Telephone	Program employees using the equipment to all employees using the equipment
Maintenance and repairs	Program employees using the equipment to all employees using the equipment
Depreciation	Program employees using the equipment to all employees using the equipment
Audits	Program expense to total expense
Other	Program employees incurring the cost to all employees incurring the cost

In 2021 approximately 93% of the Organization's total expenses related to programs services, 4% to management and general services, and 3% to fundraising activities. In 2020, approximately 94% of the Organization's total expenses related to program services, 3% to management and general services, and 3% to fundraising activities. For the year ended December 31, 2020, management and general payroll tax expense includes Ohio Bureau of Workers' compensation refunds/dividends of \$35,372 for COVID relief.

Recent Accounting Pronouncement

*Lease Accounting Standard*

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of the lease assets and liabilities represent an improvement over previous GAAP, which did not require lease obligations to be recognized for most leases. The ASU is effective for nonpublic companies for years beginning after December 15, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Date of Management’s Review

Subsequent events have been evaluated through September 8, 2022, the date the financial statements were available to be issued.

**3. LIQUIDITY DISCLOSURES**

The following represents the Organization’s financial assets available for general expenditure at December 31, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 835,888	344,892
Grants receivable	488,851	550,119
Contributions receivable	128,441	47,823
Financial assets at year-end	1,453,180	942,834
Less amounts unavailable for general expenditures within one year due to:		
Cash with donor restrictions	(506,529)	(283,894)
Contributions receivable with purpose restrictions	(95,000)	(17,500)
	(601,529)	(301,394)
Financial assets available to meet cash needs for general expenditures within one year	\$ 851,651	\$ 641,440

The Organization has normal and recurring monthly expenses of approximately \$325,000. It is the goal of the Organization to maintain cash and availability to cover three months of expenses.



**4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of contributions expected to be realized in the following periods:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 128,441	47,823
Due within two - five years	41,458	67,859
Less unamortized discount	<u>(2,403)</u>	<u>(5,162)</u>
	<u>\$ 167,496</u>	<u>110,520</u>

**5. INVESTMENT IN LLC**

The Organization owns 50 percent of 990 Nassau LLC (“990 Nassau”), a limited liability company formed in 2012 with another non-profit entity, for the purposes of purchasing and holding a building occupied by the Organization. The Organization contributed cash and the net book value of significant leasehold improvements made to the building while the Organization was under a lease-to-purchase agreement with the previous owner. Also see Note 16.

Found House owns 100% of Melrose Place GP, LLC (“Melrose Place”), a for-profit C-corporation formed in Ohio in June, 2020 for the purpose of providing future client housing. Construction of a resident building began in late 2021 with completion expected in late 2022. See Note 18.

Investment in the LLC’s at December 31 consisted of the following:

	2021		2020	
	<u>Balance</u>	<u>Cost</u>	<u>Balance</u>	<u>Cost</u>
990 Nassau	\$ 294,841	363,184	302,505	363,184
Melrose Place	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 594,841</u>	<u>\$ 663,184</u>	<u>\$ 302,505</u>	<u>\$ 363,184</u>

The following is a reconciliation of the balance in the LLC:

	990 Nassau	Melrose Place	Total
Balance, 12/31/19	\$ 310,169	-	310,169
Loss on investment	<u>(7,664)</u>	<u>-</u>	<u>(7,664)</u>
Balance, 12/31/20	<u>\$ 302,505</u>	<u>\$ -</u>	<u>\$ 302,505</u>
Loss on investment	(7,664)		(7,664)
Investment in LLC	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Balance, 12/31/21	<u>\$ 294,841</u>	<u>\$ 300,000</u>	<u>\$ 594,841</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 476,272	466,067
Furniture and equipment	<u>48,297</u>	<u>48,297</u>
	524,569	514,364
Less accumulated depreciation	<u>(166,601)</u>	<u>(131,629)</u>
	<u>\$ 357,968</u>	<u>\$ 382,735</u>

**7. NOTE PAYABLE**

In 2012, the Organization received a loan from the Hubert Family Foundation for \$162,000 for renovation of the property at a new site. The terms of this interest free loan are flexible and called for monthly payments of \$1,000 through June 2018. In mid-2018, the Foundation suspended the monthly payment requirement pending reevaluation of the loan in 2019. Repayments resumed in 2019, on an informal repayment schedule. The outstanding balance on the loan was \$69,500 and \$81,500 at December 31, 2021 and 2020, respectively.

**8. NET ASSETS**

Net assets with donor restrictions for the years ended December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Passage of time - receivables	\$ 117,513	97,645
Purpose restrictions		
Child Enrichment	165,076	160,787
Transportation	33,690	7,961
Pet Program	13,599	-
Other Shelter	121,513	65,622
Aftercare	9,084	5,110
Permanent Supportive Housing 2	2,089	-
Melrose Place	129,064	
Capital Improvements	<u>32,414</u>	<u>44,414</u>
Total net assets with donor restrictions	<u>\$ 624,042</u>	<u>381,539</u>

Found House-Interfaith Housing Network and Subsidiary  
Notes to the Financial Statements  
December 31, 2021 and 2020

Net assets without donor restrictions for the years ended December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ 1,726,826</u>	<u>1,214,854</u>

Net assets released from net assets with donor restrictions for the years ended December 31, were as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of time restrictions	\$ 34,700	13,811
Satisfaction of purpose restrictions		
Child Enrichment	17,749	29,950
Transportation	2,447	22,414
Pet Program	121,764	203,921
Other Shelter	888,257	604,155
Aftercare	162,332	126,512
Permanent Supporting Housing 2	401,263	-
Melrose Place	1,250	-
Capital Improvements	12,000	22,722
Other Programs	<u>1,987,823</u>	<u>2,258,260</u>
Total released from restrictions	<u>\$ 3,629,585</u>	<u>3,281,745</u>

**9. CONTRIBUTIONS:**

Contributions consist of the following at December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2021</u>			
Private contributions	\$ 248,130	76,456	324,586
Foundation grants	238,489	346,982	585,471
Capital campaign	-	95,000	95,000
United Way	418	36,348	36,766
Donated goods and services (see Note 10)	<u>65,114</u>	<u>-</u>	<u>65,114</u>
	<u>\$ 552,151</u>	<u>554,786</u>	<u>1,106,937</u>

Found House-Interfaith Housing Network and Subsidiary  
Notes to the Financial Statements  
December 31, 2021 and 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2020</u>			
Private contributions	\$ 331,014	88,624	419,638
Foundation grants	173,363	367,425	540,788
Capital campaign	-	90,000	90,000
United Way	-	62,150	62,150
Donated goods and services (see Note 10)	34,356	-	34,356
	<u>\$ 538,733</u>	<u>608,199</u>	<u>1,146,932</u>

**10. DONATED SERVICES, MEALS AND SHELTER**

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories consist of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Professional fees	\$ 34,356	34,356
Client supplies	30,758	-
	<u>\$ 65,114</u>	<u>34,356</u>

Religious congregations in the Greater Cincinnati area provide shelter and meals to homeless families through the programs offered by the Organization. Because the shelter and meals are provided directly to the homeless families, the donated value is not reflected in the Organization's financial statements. Management estimates that approximately 2,359 shelter nights were provided in 2020, prior to the COVID pandemic. The estimated value for the year ended December 31, 2020 was \$40 per person per night from January 1, 2020 to March 28, 2020 for a total of \$94,360.

Beginning late March, 2020, shelter nights were provided within hotels due the COVID pandemic. For the year ended December 31, 2021 approximately 10,442 shelter nights were provided within hotels at a value of \$419,112. For the year ended December 31, 2020, approximately 7,025 shelter nights were provided within hotels at a value of \$253,642. The amounts are reflected in the statement of functional expenses in COVID client housing, supplies and other expenses. Funding for the hotel nights is provided by government grants and contributions. See Note 19.

**11. FUNDRAISING EVENTS**

Fundraising events contributed to the resources available for programs during the years ended December 31 as follows:

	<u>2021</u>	<u>2020</u>
Special event revenue, gross	\$ 39,046	19,438
Less direct donor benefit costs	(11,471)	(10,636)
Special event revenue, net	<u>\$ 27,575</u>	<u>8,802</u>

The cost of direct donor benefits consisted of the following at December 31:

	2021	2020
Entertainment/speaker fees	\$ 2,640	10,000
Food	3,771	-
Event supplies	1,281	-
Awards	404	-
Event insurance	755	-
Event permits	296	-
Miscellaneous	2,324	636
	\$ 11,471	\$ 10,636

## 12. RETIREMENT PLAN

The Organization sponsors a retirement benefit plan for substantially all of its full-time employees. The defined contribution plan meets the requirements of a Savings Incentive Match Plan for Employees (SIMPLE) as defined by the Internal Revenue Service and is funded by contributions from the Organization and employees. Employer contributions are up to 3% of compensation, and employees are vested immediately in employer contributions. The Organization contributed \$12,816 and \$11,529 to the plan in 2021 and 2020, respectively.

## 13. OPERATING LEASES

The Organization leases various office and household equipment under long-term lease agreements which are classified as operating leases. On January 9, 2020, the Organization also entered into a lease agreement with the owner of two buildings for ten rentable rooms to provide housing for homeless individuals and families. The term of the lease is year-by-year and total rent for all ten units may not exceed \$7,250 per month.

The following is a schedule of future minimum lease payments for the operating leases:

2022	\$ 2,028
2023	2,028
2024	2,028
2025	338
	\$ 6,422

Total lease expense was \$90,538 and \$86,673 in 2021 and 2020, respectively.

## 14. LINE OF CREDIT

The Organization has an unsecured line of credit of \$37,500 on credit cards as of December 31, 2021 and 2020. The available credit as of December 31, 2021 and 2020 was approximately \$15,900 and \$32,300, respectively. Interest is calculated at an annual percentage rate (APR) of 15.99%.

**15. CONCENTRATIONS**

During 2021, one grantor represented approximately 72% of the Organization's total revenue for the year. In 2020, one grantor represented approximately 65% of the Organization's total revenue. As of December 31, 2021 and 2020, receivables from one grantor represented 74 and 70%, respectively, of total grants and contributions receivable, combined. The primary grantor is the U.S. Department of Housing and Urban Development. The Organization expects this to continue to be a reliable source of funds, and therefore it does not pose a significant concentration risk.

**16. RELATED PARTY TRANSACTIONS**

Facilities from which the Organization conducts its operations are leased from a related party under an 80 year agreement with a total lease payment of \$10. The Organization has a 50% ownership interest in this entity, as discussed in Note 2 and 5.

**17. PAYCHECK PROTECTION PROGRAM (LOAN FORMALLY FORGIVEN)**

In 2020, the Organization received loan proceeds in the amount of \$183,910 to fund payroll through the Paycheck Protection Program (the PPP). Under the terms of the program, a borrower's loan will be forgiven, equal to eligible expenses incurred during the loan's qualifying period, provided the borrower meets all the loan's employee-retention criteria. The Organization met all requirements for forgiveness at December 31, 2020, and in July 2021, the PPP loan proceeds and interest were forgiven by the U.S. Small Business Administration (SBA). The Organization recognizes these proceeds as government grant revenue at December 31, 2020.

**18. MELROSE PLACE GP, LLC**

On June 11, 2020, the Organization became the 99.9% limited partner of the newly created Melrose IHNGC Limited Partnership, an entity formed for the purpose of facilitating the development and construction of a resident building to be known as Melrose Place for future client housing. An entity wholly owned by Found House (the subsidiary, Melrose Place GP, LLC) is the 0.1% general partner of Melrose IHNGC Limited Partnership, the owner of the construction-in-progress tax credit partnership. On August 24, 2021, the Organization was replaced as the limited partner by Ohio Equity Fund for Housing Limited Partnership XXXI. The Model Group, Inc. and Found House are guarantors for the project.

Construction on the resident building began in late 2021. All financial transactions related to Melrose Place GP, LLC can be found on the consolidating statement of financial position for the year ended December 31, 2021. In addition, project development fees of \$35,314 were paid to Found House and are shown in the consolidated statement of activities. There was no financial activity related to Melrose Place GP, LLC in 2020. See Note 5.

**19. RISKS AND UNCERTAINTIES**

The COVID-19 pandemic presented many challenges for the Organization. Out of concern for safety of families in shelter and to remain in compliance with the Center for Disease Control guidelines, the Organization's shelter program began hosting families in a hotel setting in March, 2020 and continued to do so through the end of the 2021. This, along with other needs to address safety within operations, created unanticipated expenses for the organization but also created a high level of generosity from the community. The organization was also able to access government funding to address the operational complications that COVID-19 presented and management believes the Organization is taking appropriate actions to mitigate negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to develop.

Found House-Interfaith Housing Network and Subsidiary  
Schedules of Program Expenses  
Years Ended December 31, 2021 and 2020 (Totals Only)

	2021			2020
	Emergency Shelter	Other Housing & Family Assistance	Total Program Expenses	Total Program Expenses
Program expenses:				
Salaries	\$ 341,119	583,736	924,855	\$ 764,992
Benefits	58,674	146,828	205,502	220,760
Payroll taxes	31,744	51,168	82,912	64,997
Client housing, transportation, other services	27,824	1,841,876	1,869,700	1,668,473
COVID client housing, supplies, other expense	451,599	960	452,559	269,812
Utilities and occupancy expense	28,934	9,566	38,500	44,952
Professional fees	15,047	13,551	28,598	27,346
Depreciation	11,540	19,584	31,124	26,835
Conferences and meetings	1,353	-	1,353	891
Travel and mileage	3,215	9,508	12,723	17,063
Printing and publications	1,102	1,479	2,581	-
Veterinary expenses	36,910	-	36,910	37,944
Supplies	42,781	4,883	47,664	20,832
Postage	1,171	1,669	2,840	1,977
Insurance	3,527	5,988	9,515	13,548
Dues	-	-	-	1,160
Telephone	3,297	6,511	9,808	8,443
Miscellaneous	-	1,249	1,249	2,072
Equipment rent and maintenance	5,836	1,782	7,618	4,994
Special events	-	-	-	-
Donor database	-	-	-	-
Total program expenses	<u>\$ 1,065,673</u>	<u>2,700,338</u>	<u>3,766,011</u>	<u>\$ 3,197,091</u>



Found House-Interfaith Housing Network and Subsidiary  
Consolidating Statement of Financial Position  
December 31, 2021

	Found House- Interfaith Housing Network	Melrose Place GP, LLC	Eliminating	Total
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 835,888	-	-	835,888
Accounts receivable	674	300,000	-	300,674
Contributions receivable	128,441	-	-	128,441
Grants receivable	488,851	-	-	488,851
	1,453,854	300,000	-	1,753,854
Noncurrent assets:				
Contributions receivable	39,055	-	-	39,055
Investment in LLC	594,841	300,000	(300,000)	594,841
Property and equipment, net	357,968	-	-	357,968
	991,864	300,000	(300,000)	991,864
<b>Total assets</b>	<b>\$ 2,445,718</b>	<b>600,000</b>	<b>(300,000)</b>	<b>2,745,718</b>
<b>Liabilities and net assets:</b>				
Current liabilities:				
Accounts payable	\$ 313,388	300,000	(300,000)	313,388
Refundable advance	11,962	-	-	11,962
Current portion of long-term note	12,000	-	-	12,000
	337,350	300,000	(300,000)	337,350
Noncurrent liabilities:				
Note payable	57,500	-	-	57,500
Net assets:				
Without donor restrictions	1,426,826	300,000	-	1,726,826
With donor restrictions	624,042	-	-	624,042
	2,050,868	300,000	-	2,350,868
<b>Total liabilities and net assets</b>	<b>\$ 2,445,718</b>	<b>\$ 600,000</b>	<b>\$ (300,000)</b>	<b>\$ 2,745,718</b>

See independent auditor's report.



# Anderson-Kurtz

Financial Services LLC

**INDEPENDENT AUDITOR'S 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 Trustees of  
Found House-Interfaith Housing Network and Subsidiary  
(formerly known as Interfaith Hospitality Network of Greater Cincinnati)  
Cincinnati, Ohio

I 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 consolidated financial statements of Found House-Interfaith Housing Network (formerly known as Interfaith Hospitality Network of Greater Cincinnati, an Ohio nonprofit corporation) and Subsidiary (an Ohio for-profit corporation), collectively, the "Organization," which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued my report thereon dated September 8, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing my audit of the consolidated financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 consolidated 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson-Kurtz Financial Services LLC*

Cincinnati, Ohio  
September 8, 2022

Found House-Interfaith Housing Network  
Schedule of Expenditure of Federal Awards  
Years Ended December 31, 2021 and 2020

Federal Grantor/ Program Title/ Pass-through Grantor	CFDA Number	2021 Total Federal Expenditures	2020 Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Emergency Solutions Grants Program	14.231	\$ 982,881	529,103
Continuum of Care Program	14.267	<u>2,143,723</u>	<u>1,789,559</u>
		3,126,604	- 2,318,662
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	48,785	21,307
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	19,705	-
U.S. Department of the Treasury			
Coronavirus Relief Fund	21.019	<u>43,750</u>	<u>171,707</u>
Total Federal Expenditures		<u>\$ 3,238,844</u>	<u>2,511,676</u>

Pass-through program awards from prime recipient, Strategies to End Homelessness, Inc.:	Contract #	2021 Total Federal Expenditures	2020 Total Federal Expenditures
Emergency Solutions Grant - Emergency Shelter	20203002	\$ -	33,905
Emergency Solutions Grant - CARES Act	20214002	27,963	-
Emergency Solutions Grant - Emergency Shelter	20213074	575,392	-
Emergency Solutions Grant - CARES ACT - Emergency Shelter	20213066	31,000	-
Emergency Solutions Grant - Rapid Rehousing Assistance	20213008	92,082	-
Emergency Solutions Grant - Rapid Rehousing Assistance	20203008	153,061	136,028
Emergency Solutions Grant - Rapid Rehousing Assistance	20193008	-	162,293
Emergency Solutions Grant - CARES Act - Shelter	20203061	43,898	39,444
Emergency Solutions Grant - CARES Act - Prevention	20203062	59,485	45,299
Emergency Solutions Grant - CARES Act - Emergency Shelter	20203052	-	112,134
Continuum of Care - Rapid Rehousing for Families	20210476	115,252	-
Continuum of Care - Rapid Rehousing for Families	20200476	165,024	186,823
Continuum of Care - Rapid Rehousing for Families	201939	-	178,061
Continuum of Care - Permanent Supportive Housing	20210368	205,952	-
Continuum of Care - Permanent Supportive Housing	20200368	189,313	179,266
Continuum of Care - Permanent Supportive Housing	201937	-	171,560
Continuum of Care - Permanent Supportive Housing 2	20210539	192,730	-
Continuum of Care - Permanent Supportive Housing 2	20200539	198,122	196,475
Continuum of Care - Permanent Supportive Housing 2	201938	-	186,160
Continuum of Care - Family Housing Partnership	20210248	41,368	-
Continuum of Care - Family Housing Partnership	20200248	17,849	21,936
Continuum of Care - Family Housing Partnership	201940	-	20,105
Continuum of Care - Youth Homelessness Demonstration Program	20210598	147,165	-
Continuum of Care - Youth Homelessness Demonstration Program	20200598	128,109	-
Continuum of Care - Youth Homelessness Demonstration Program	201926	-	246,590
Continuum of Care - Transitional/Rapid Rehousing	20210605	352,032	-
Continuum of Care - Transitional/Rapid Rehousing	20200605	390,807	267,403
Continuum of Care - Transitional/Rapid Rehousing	201968	-	135,180
Temporary Assistance for Needy Families	20208024	19,705	-
Coronavirus Relief Fund - CARES Act	20208012	-	171,707
Total pass-through program awards from prime recipient		<u>3,146,309</u>	<u>2,490,369</u>

Other program awards:

Emergency Food and Shelter National Board Program		48,785	21,307
Coronavirus Relief Fund (through United Way)		<u>43,750</u>	<u>-</u>
Total Federal Expenditures		<u>\$ 3,238,844</u>	<u>2,511,676</u>

See accompanying notes and independent auditor's report.

**A. BASIS OF ORGANIZATION AND NATURE OF ACTIVITIES**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Found House-Interfaith Housing Network, formerly known as Interfaith Hospitality Network of Greater Cincinnati (the "Organization") under programs of the federal government for the year ended December 31, 2021 and 2020. The information in the 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are presented 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.

**C. INDIRECT COST ALLOCATION**

The organization has not elected to the 10 percent de minimis indirect cost rate under Title 2 CFR Section 200.414(-f). Allowable facilities and administrative costs that benefit all programs and cannot be identified to a specific program are allocated to programs using a specifically identified base that results in an equitable distribution of costs.

**D. SUB-RECIPIENT STATUS**

The Organization is a sub-recipient that receives a sub-awards from a pass-through entity to carry out part of the federal programs identified in the Schedule. As such, the Organization conducts program activities and incurs related costs, submits reimbursement requests to the pass-through entity, and receives federal award funds upon approval of reimbursement requests.



# Anderson-Kurtz

Financial Services LLC

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of  
Found House-Interfaith Housing Network and Subsidiary  
(formerly known as Interfaith Hospitality Network of Greater Cincinnati)  
Cincinnati, Ohio

### Report on Compliance for Each Major Federal Program

I have audited Found House-Interfaith Housing Network and subsidiary (formerly known as Interfaith Hospitality Network of Greater Cincinnati's, the "Organization's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Organization'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 Organization's federal programs.

### Auditor's Responsibilities for the Audit of Compliance

My 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 the Organization's compliance based on my 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 the Organization'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, I:

- 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 the Organization'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 the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

#### **Other Matters**

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. My opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 my audit I 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.

My 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 my 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.

*Anderson-Kurtz Financial Services LLC*

Cincinnati, Ohio  
September 8, 2022



Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on whether the financial statements of Found House-Interfaith Housing Network, formerly known as Interfaith Hospitality Network of Greater Cincinnati (the "Organization") were prepared in accordance with U.S. GAAP.
2. No significant deficiencies and no material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported during the audit of the Organization.
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. No audit findings relating to the federal award program were noted that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was CFDA 14.267, Continuum of Care Program.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization qualified as a low-risk auditee for the year ended December 31, 2021.

FINDINGS - None