

5CITIES HOMELESS COALITION, INC.

GROVER BEACH, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022

Prepared by
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd Street
PO Box 1930
Newport, Oregon 97365

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

BOARD OF DIRECTORS

Ken Dalebout	President
Linda Pierce	Vice President
Brad Wilbert	Secretary
Paul Jarvis	Treasurer
Nancy Allison	Director
Peggy Coon	Director
Pat Cusack	Director
Judith Higgins	Director
Pastor David Hutsko	Director
Michael Martinez	Director
Jane Renahan	Director
Mariam Shah	Director

STAFF

Janna Nichols	Executive Director
Charlotte Alexander	Director of Operations

ADDRESS

100 S. 4th Street
PO Box 558
Grover Beach, California 93483

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

Table of Contents

INTRODUCTORY SECTION

Title page
Board of Directors
Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses for Program and Support Services	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-18

SUPPLEMENTARY INFORMATION SECTION

SINGLE AUDIT REPORTS

Schedule of Expenditures of Federal Awards	19
Notes to the Schedule of Expenditures of Federal Awards	20
Schedule of Findings and Questioned Costs	21
Schedule of Prior Year Findings and Questioned Costs	22
Schedule of Findings and Questioned Costs - Sections II and III	23
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	24-26
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	27-28

GRIMSTAD & ASSOCIATE

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

To the Board of Directors
5Cities Homeless Coalition
PO Box 558
Grover Beach, California 93483

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of 5Cities Homeless Coalition (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses for program and support services, and cash flows for the 18 months then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of 5Cities Homeless Coalition as of June 30, 2022, and the changes in its net assets and its cash flows for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. 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 5Cities Homeless Coalition 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 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 5Cities Homeless Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 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

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

Members:
AICPA OSCPA & OAIA

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*, I:

- 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 5Cities Homeless Coalition'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 5Cities Homeless Coalition'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.

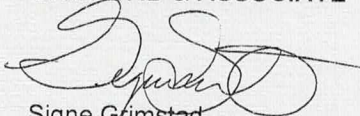
Supplementary Information

My 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 my 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*, I have also issued my report dated November 9, 2022, on my consideration of 5Cities Homeless Coalition's internal control over financial reporting and on 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 my 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 5Cities Homeless Coalition'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 5Cities Homeless Coalition's internal control over financial reporting and compliance.

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant, Newport, Oregon
November 9, 2022

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

STATEMENT OF FINANCIAL POSITION
as of June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 554,783	\$ 204,121	\$ 758,904
Bank certificate of deposit	40,085	-	40,085
Grants and contracts receivable	327,949	-	327,949
Prepaid expenses	3,314	-	3,314
Total current assets	<u>926,131</u>	<u>204,121</u>	<u>1,130,252</u>
Property and equipment			
Property and equipment, at cost	2,237,970	-	2,237,970
Less: Accumulated depreciation	<u>(70,256)</u>	<u>-</u>	<u>(70,256)</u>
Net fixed assets	<u>2,167,714</u>	<u>-</u>	<u>2,167,714</u>
Total assets	<u><u>\$ 3,093,845</u></u>	<u><u>\$ 204,121</u></u>	<u><u>\$ 3,297,966</u></u>
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 492,753	\$ -	\$ 492,753
Accrued wages	39,197	-	39,197
Accrued paid time off	10,543	-	10,543
Accrued interest	5,719	-	5,719
Deferred revenue	568,707	44,633	613,340
Notes payable, current portion	4,242	-	4,242
Total current liabilities	<u>1,121,161</u>	<u>44,633</u>	<u>1,165,794</u>
Long-term liabilities			
Notes payable, long-term portion	<u>325,758</u>	<u>-</u>	<u>325,758</u>
Total long-term liabilities	<u>325,758</u>	<u>-</u>	<u>325,758</u>
Total liabilities	<u>1,446,919</u>	<u>44,633</u>	<u>1,491,552</u>
Net assets			
Without donor restrictions	1,610,926	-	1,610,926
Designated reserve	36,000	-	36,000
With donor restrictions	<u>-</u>	<u>159,488</u>	<u>159,488</u>
Total net assets	<u>1,646,926</u>	<u>159,488</u>	<u>1,806,414</u>
Total liabilities and net assets	<u><u>\$ 3,093,845</u></u>	<u><u>\$ 204,121</u></u>	<u><u>\$ 3,297,966</u></u>

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

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
For the 18 Months Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Government grants	\$ 137,940	\$ 105,922	\$ 243,862
Foundation grants	86,182	155,164	241,346
Contributions, individuals	373,839	10,000	383,839
Contributions, businesses	-	83,219	83,219
Contributions in-kind	124,554	-	124,554
Total support	722,515	354,305	1,076,820
Revenue:			
Government contracts	2,941,547	-	2,941,547
Special events	83,084	-	83,084
Miscellaneous	1,000	-	1,000
Bank interest	250	-	250
Loss on disposal of property and equipment	(1,815)	-	(1,815)
Total revenues	3,024,066	-	3,024,066
Total support and revenues	3,746,581	354,305	4,100,886
Reclassifications:			
Net assets with donor restrictions released from restrictions	202,317	(202,317)	-
Total support, revenues and reclassifications	3,948,898	151,988	4,100,886
Expenses:			
Program services:			
Housing support	1,202,522	-	1,202,522
Immediate needs	204,065	-	204,065
Homeless youth	160,305	-	160,305
Benefits advocacy	89,455	-	89,455
Warming center	157,332	-	157,332
Outreach and other	1,038,084	-	1,038,084
Total program expenses	2,851,763	-	2,851,763
Support services:			
Management and general	515,897	-	515,897
Fundraising	138,194	-	138,194
Total expenses	3,505,854	-	3,505,854
Change in net assets	443,044	151,988	595,032
Net assets at beginning of fiscal year	1,203,882	7,500	1,211,382
Net assets at end of fiscal year	\$ 1,646,926	\$ 159,488	\$ 1,806,414

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

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM AND SUPPORT SERVICES
 For the 18 Months Ended June 30, 2022

	Program Services						Support Services		Total Expenses	
	Housing Support	Immediate Needs	Homeless Youth	Benefits Advocacy	Warming Center	Outreach and Other	Total	Management and General		Fund-raising
Salaries and wages	\$ 234,467	\$ -	\$ 46,770	\$ 70,847	\$ 71,581	\$ 549,210	\$ 972,875	\$ 296,581	\$ 78,639	\$ 1,348,095
Payroll taxes	19,586	-	3,907	5,918	5,979	45,877	81,267	24,774	6,569	112,610
Health insurance	8,285	-	1,653	2,504	2,529	19,408	34,379	10,480	2,779	47,638
Workers' compensation	1,344	-	268	406	411	3,149	5,578	1,701	451	7,730
Total personnel costs	263,682	-	52,598	79,675	80,500	617,644	1,094,099	333,536	88,438	1,516,073
Accounting and auditing	1,086	1,086	1,086	1,086	1,086	1,086	6,516	15,212	1,629	23,357
Bank and merchant fees	-	-	-	-	-	-	-	1,828	5,993	7,821
Dues and subscriptions	314	-	560	85	195	760	1,914	497	106	2,517
Employee recruitment	1,458	406	592	672	1,189	2,392	6,709	1,103	333	8,145
Eviction prevention	133,413	1,400	2,735	-	-	-	137,548	-	-	137,548
Host homes	-	-	6,683	-	-	-	6,683	-	-	6,683
Insurance	3,410	-	645	922	2,120	8,259	15,356	8,658	3,023	27,037
Interest	-	-	-	-	-	-	-	13,285	-	13,285
Information technology	2,018	-	382	545	1,255	4,887	9,087	9,381	682	19,150
Licenses and taxes	250	-	47	68	155	605	1,125	999	85	2,209
Mileage	47	-	-	16	-	426	489	-	-	489
Miscellaneous	-	-	-	-	1,850	-	1,850	1,779	-	3,629
Occupancy	6,107	-	1,155	1,651	3,796	12,547	25,256	31,842	2,064	59,162
Office supplies	2,629	-	497	771	1,634	5,803	11,334	16,935	2,836	31,105
Payroll service	1,471	-	293	445	449	3,446	6,104	1,861	493	8,458
Partner contracts	163,163	25,000	-	-	11,149	246,736	446,048	-	-	446,048
Postage and printing	-	-	-	1	-	20	21	276	4,753	5,050
Professional services	-	-	-	-	-	7,394	7,394	-	-	7,394
Rapid rehousing	564,667	-	28,771	-	-	-	593,438	-	-	593,438
Special event direct costs	-	-	-	-	-	-	-	-	4,822	4,822
Staff development	676	-	233	158	281	2,322	3,670	1,740	209	5,619
Supplies and equipment	40,614	173,311	957	2,168	16,445	73,592	307,087	20,802	802	328,691
Transitional housing/rent	1,300	-	60,925	-	27,082	171	89,478	4,306	-	93,784
Website	-	-	-	-	-	25	25	1,887	-	1,912
Subtotal expenses	1,186,305	201,203	158,159	88,263	149,186	988,115	2,771,231	465,927	116,268	3,353,426
Contributions in-kind	-	-	-	-	6,000	35,899	41,899	42,815	24,840	109,554
Depreciation	16,217	2,862	2,146	1,192	2,146	14,070	38,633	7,155	1,908	47,696
Less special event direct costs	-	-	-	-	-	-	-	-	(4,822)	(4,822)
Total expenses	\$ 1,202,522	\$ 204,065	\$ 160,305	\$ 89,455	\$ 157,332	\$ 1,038,084	\$ 2,851,763	\$ 515,897	\$ 138,194	\$ 3,505,854
Percent of total expenses	34.30%	5.82%	4.57%	2.55%	4.49%	29.61%	81.34%	14.72%	3.94%	100.00%

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

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
For the 18 Months Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Change in net assets	\$ 443,044	\$ 151,988	\$ 595,032
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	47,696	-	47,696
Donated vehicle	(15,000)	-	(15,000)
Loss on disposal of fixed assets	1,815	-	1,815
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Grants and contracts receivable	92,717	-	92,717
Prepaid expenses	4,950	-	4,950
Deposits	8,146	-	8,146
Increase (decrease) in:			
Accounts payable	461,731	-	461,731
Accrued wages	12,912	-	12,912
Accrued vacation	(264)	-	(264)
Accrued interest	3,736	-	3,736
Deferred revenue	477,996	44,633	522,629
Net cash provided by operating activities	1,539,479	196,621	1,736,100
Cash flows from investing activities			
Purchases of property and equipment	(1,226,270)	-	(1,226,270)
Investment in bank certificate of deposit	(40,085)	-	(40,085)
Net cash used by investing activities	(1,266,355)	-	(1,266,355)
Cash flows from financing activities			
Bank line of credit proceeds	370,000	-	370,000
Bank line of credit payments	(370,000)	-	(370,000)
Notes payable proceeds	180,000	-	180,000
Notes payable payments	(87,500)	-	(87,500)
Net cash provided by financing activities	92,500	-	92,500
Net increase in cash and equivalents	365,624	196,621	562,245
Cash and cash equivalents at beginning of year	189,159	7,500	196,659
Cash and cash equivalents at end of year	\$ 554,783	\$ 204,121	\$ 758,904
Supplementary cash flow disclosures			
Cash paid for interest	\$ 9,548		
Schedule of noncash transactions:			
In-kind contribution of Dodge Grand Caravan	\$ 15,000		
Noncash acquisition of property and equipment	(15,000)		
Net noncash transactions	\$ -		

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

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 1 - Description of Organization

Nature of operations

5Cities Homeless Coalition, Inc. (5CHC) is a California nonprofit corporation organized on March 3, 2009. 5CHC works to transform lives in southern San Luis Obispo County, California, from the Cities of Avila Beach to Nipomo. 5CHC mobilizes community resources, fosters hope, and advocates for the homeless and those facing homelessness with the vision of building an engaged community that fully understands the complexities of homelessness and actively shares the responsibility of creating and implementing solutions to reduce it and shelter their neighbors. 5CHC derives its revenue from government and other grants, contracts, contributions and fundraising.

Description of programs

Housing Support

The Housing Support Program serves those who are homeless or at risk of losing housing in San Luis Obispo County. Case management, rental and deposit assistance, information and referral to community services, comprehensive needs assessment, identification of barriers to success, and development of an immediate action plan. Those who visit 5CHC's office are provided access to computer, internet, phone charging, mailing address, food and hygiene supplies. The program also serves veterans who are homeless or at risk of losing housing through a joint effort with Good Samaritan Shelter to provide supportive services for veteran families (SSVF). The United States Department of Veterans Affairs provides funding for this program.

Immediate Needs

Assists homeless and low-income families and individuals who reside in southern San Luis Obispo County with funds to address their immediate needs and move them to self-sufficiency, home stability, and economic improvement. Assistance is used for utilities, fuel, auto repairs, food, clothing, and unpaid bills paid directly to applicable vendors on behalf of program participants.

Homeless Youth

Matches a case manager with unaccompanied youth aged 16-24 to provide education, connection, and services such as immediate needs, housing, and development of an individualized Action Plan to assist them in living independently, maintaining steady employment, and continuing their education.

Benefits Advocacy

Those enrolled in 5CHC's case management are offered additional guidance and advocacy for obtaining and retaining public benefits such as Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), CalFresh and other assistance. Participants are encouraged to learn financial literacy and budgeting.

Warming Center

Provides an overnight warming center during the winter months when temperature predications are at or below 40 degrees or rain potential of 50% or more from November through April. Those staying at the warming center are provided meals and laundry services and may arrive by 5pm and leave by 7am the next day.

Outreach and Other Programs

Provide coordinated entry into the homelessness support system that begins with conducting a comprehensive assessment of needs, identification of barriers to success, and development of an immediate action plan for each individual or family who requests assistance. 5CHC's staff serves as a source of information on available resources, knowledge of county programs for the homeless, and referral services for those in need.

Management and General

Includes the functions necessary to maintain 5CHC's support program; ensure an adequate working environment; provide coordination and articulation of 5CHC's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of 5CHC; and manage the financial and budgetary responsibilities of 5CHC.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 1 - Description of Organization (continued)

Fundraising

Includes publicizing and conducting fundraising campaigns; maintaining donor lists; grant writing; conducting special fundraising events; and other activities involved with soliciting contributions and grants from governments, foundations, individuals, businesses, and others.

Note 2 - Significant Accounting Policies

5CHC prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S.GAAP) for nonprofit entities. The significant accounting and reporting policies used by 5CHC are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

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

Use of estimates

The preparation of financial statements in conformity with U.S.GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, 5CHC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. 5CHC's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, plus any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions

Net assets with donor restrictions are resources that are restricted by donors for use for specified purposes or in certain future periods. Some donor-imposed restrictions are temporary in nature, and the restrictions expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; 5CHC must continue to use the resources in accordance with the donors' instructions. Restricted support is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

When donors' restrictions are satisfied, either by using the resources in the manner specified by the donors or by the passage of time, the expiration of the restrictions are reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified assets are placed in service by 5CHC, unless the donors provide more specific instructions about the period of the assets' use.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 2 - Significant Accounting Policies (continued)

Classification of transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless any donor specified the use of the related resources for a particular purpose or in a future period. All expenses are reported as decreases in net assets without donor restrictions. Net investment gains and losses are recorded as increases or decreases, respectively, of restricted net assets until designated to be spent when they are recorded as unrestricted net assets.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of purchase.

Grants and contracts receivable and allowance for doubtful accounts

Receivables are accounted for on the accrual basis and become past due after 60 days. No allowance for uncollectable accounts has been provided, as 5CHC typically collects all outstanding amounts. Grant and contract receivables are written off if all efforts at collection have failed and management determines that collection is unlikely. Receivables older than 90 days totaled \$87,297, at June 30, 2022.

Donations of property and equipment

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as unrestricted contributions in the fiscal year received.

Property and equipment

Purchases of fixed assets costing \$2,500 or more are capitalized. Donated fixed assets valued at \$2,500 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the period of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets, that range from 5 to 10 years for furniture and equipment, 10 to 40 years for building and building improvements.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If any long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis or other valuation technique. There was no impairment loss recognized during the 18 months ended June 30, 2022.

Investments

Investments typically consist of donated, publicly traded securities with readily determinable fair values, presented at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Donated securities are recorded at their fair value on the date of donation which is the closing price per share per published stock market reports. Donated securities are sold upon receipt to ensure the highest value of the security is received as intended by the donor(s).

Accounting for contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 2 - Significant Accounting Policies (continued)

Accounting for contributions (continued)

restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions in-kind

5CHC sometimes receives contributions in a form other than cash. Donated supplies are recorded as contributions at the date of the gift and as expenses when the donated items are placed into service or distributed. If 5CHC receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets 5CHC's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use.

5CHC benefits from personal services provided by many volunteers. Those volunteers have donated regular amounts of time and services in 5CHC's program operations and in its fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. 5CHC records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by ASC 958.

Grant revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue for federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, 5CHC's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Expense recognition and allocation

The cost of providing 5CHC's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

Salaries, wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Occupancy costs such as utilities, depreciation, and interest are allocated based on the actual costs per square foot for each program.

Insurance, some supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Every 3 years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of 5CHC.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 2 - Significant Accounting Policies (continued)

Expense recognition and allocation (continued)

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. 5CHC generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs are allocated between fundraising and management and general expenses in accordance with U.S. GAAP for costs of activities that include fundraising.

Advertising costs

Advertising costs are recorded as expenses of the applicable program in the period incurred.

Income taxes

5CHC has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). With few exceptions, 5CHC is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before July 1, 2017.

The preparation of financial statements in conformity with U.S. GAAP requires 5CHC to report information regarding its exposure to various tax positions taken by 5CHC. 5CHC has determined whether any tax positions have met the recognition threshold and has measured any entity exposure to those tax positions. Management believes that all relevant tax positions have been adequately addressed and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed.

Subsequent events

Management has evaluated subsequent events through November 9, 2022, which was the date the financial statements were available to be issued.

Fair value measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described on the following page.

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that 5CHC has the ability to access.

Level 2. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active or 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 valuation methodology are unobservable and significant to the fair value measurement.

5CHC did not have any assets or liabilities using Level 3 valuation methodology.

The primary uses of fair value measures in 5CHC's financial statements are as follows:

Initial measurement of in-kind contributions including donated public securities (if any).

Change in accounting principles

FASB is the Financial Accounting Standards Board and ASU is Accounting Standards Update.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Change in accounting principles (continued)

5CHC implemented FASB ASU No. 2016-02 - *Leases (Topic 842)* in the current fiscal period. The ASU did not have an effect on 5CHC's financial statements since the entity's leases have already matured or have lease terms of less than one year.

Note 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Financial assets:	Amount
Cash	\$ 758,904
Bank certificate of deposit	40,085
Grants and contracts receivable	327,949
Prepaid expenses	3,314
Total financial assets	1,130,252
Less financial assets held to meet board designations and donor-imposed restrictions:	
Designated reserve	36,000
Restricted cash	204,121
Bank certificate of deposit	40,085
Total restricted financial assets	280,206
Amount available for general expenditures within one year	\$ 850,046

Restricted cash is not available for general operations, rather it is restricted for a specific purpose. Cash designated as a reserve by the board of directors is available to be used for operations if the board of directors approves redirection of the designated reserve. The bank CD matures in January 2023, when it will be available for used unless reinvested for another future period.

5CHC also has a bank line of credit of \$300,000 for cash flow purposes as necessary.

Note 4 - Cash

Cash and money market funds are held in separate bank and investment accounts. Cash deposits totaling \$500,000 or 46% of total cash was insured by federal depository insurance at June 30, 2022. Cash consisted of the following at June 30, 2022:

	Balance per		Bank Balances	
	Books	Bank	Insured	Uninsured
SESLOC Credit Union money market	\$ 254,064	\$ 254,064	\$ 209,910	\$ 44,154
SESLOC Credit Union CD	40,085	40,085	40,085	-
SESLOC Credit Union share account	5	5	5	-
Mechanics Bank operations	503,632	803,174	248,997	554,177
Mechanics Bank programs	1,003	1,003	1,003	-
Petty cash	200	-	-	-
Subtotal cash in banks and on hand	798,989	1,098,331	500,000	598,331
Less bank certificate of deposit	40,085	-	-	-
Less restricted cash	204,121	-	-	-
Total operating cash	\$ 554,783	\$ 1,098,331	\$ 500,000	\$ 598,331

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 5 - Concentrations

Concentrations of grants and contracts receivable at June 30, 2022 are as follows:

	<u>Amount</u>	<u>% of Total</u>
San Luis Obispo County (SLOC, all grants/contracts)	\$ 211,676	64.55%
Community Action Partnership of SLOC	58,372	17.80%
Emergency Food and Shelter Program (EFSP)	31,699	9.66%
All other	26,202	7.99%
Total accounts receivable	<u>\$ 327,949</u>	<u>100.00%</u>

Concentrations of support and revenue for the 18 months ended June 30, 2022 are as follows:

	<u>Amount</u>	<u>% of Total</u>
San Luis Obispo County (all grants)	\$ 2,704,164	65.94%
Other government contracts	237,383	5.79%
Other grants	485,208	11.83%
Contributions (individuals and businesses)	467,058	11.39%
Contributions in-kind	124,554	3.04%
Other	82,519	2.01%
Total support and revenues	<u>\$ 4,100,886</u>	<u>100.00%</u>

Note 6 - Prepaid Expenses

Prepaid expenses and deposits consisted of the following at June 30, 2022:

	<u>Amount</u>
Prepaid expenses:	
Prepaid employee benefits	\$ 3,064
Prepaid other insurance	250
Total prepaid expenses	<u>\$ 3,314</u>

Note 7 - Property and Equipment

Property and equipment activity for the 18 months ended June 30, 2022, is detailed in the following schedule.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Property and equipment:				
Land	\$ 350,000	\$ -	\$ -	\$ 350,000
Construction in progress (CIP) Cabins	-	895,750	-	895,750
Building	525,500	-	-	525,500
Improvements	97,759	223,544	-	321,303
Vehicles	15,248	105,804	-	121,052
Equipment	16,328	16,172	(8,135)	24,365
Fixed assets at cost	1,004,835	1,241,270	(8,135)	2,237,970
Less: Accumulated depreciation	28,880	47,696	(6,320)	70,256
Net fixed assets	<u>\$ 975,955</u>	<u>\$ 1,193,574</u>	<u>\$ (1,815)</u>	<u>\$ 2,167,714</u>

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 8 - Deferred Revenue

Deferred revenue consists of payments received from grantors and contractors that have not yet been earned. Deferred revenue is moved to grant or contract revenue once the funds are earned. Deferred revenue for the 18 months ended June 30, 2022 consisted of the following:

Deferred revenue	<u>Program</u>	<u>Amount</u>
Vendor, Program		
Bank of America		\$ 8,003
George Hoag Family Foundation		20,000
Emergency Food and Shelter National Board Program (EFSP)		26,004
San Luis Obispo County		
Emergency Solutions Grant (ESG) COVID-19 2B (Cabins)		472,552
Community Foundation of San Luis Obispo County (CFSLOCo)		
Youth	1,525	
Emergency Solutions Grant (ESG) COVID-19 2	60,709	
Adult Health	<u>15,274</u>	77,508
Central Coast Funds for Children grant (CCFC)		1,167
Other donors		<u>8,106</u>
Total deferred revenue		<u><u>\$ 613,340</u></u>

Note 9 - Bank Line of Credit

5CHC has a \$300,000 line of credit with Mechanics Bank at prime plus 2.75% or 5.75% initial rate beginning August 2021, increasing to 6% on March 17, 2022. The credit line matures on July 9, 2022, and is secured by all assets of 5CHC. Interest expense totaled \$7,404 for the 18 months ended June 30, 2022. The annual loan fee for the line of credit was \$1,500. There was no outstanding balance on the credit line at June 30, 2022, as 5CHC borrowed and repaid \$370,000 during the 18 months ended June 30, 2022.

Note 10 - Note Payable

The note payable consisted of the following at June 30, 2022:

	<u>Amount</u>
Note payable to the SBA for Economic Disaster Injury Loan (EIDL) of \$330,000, dated September 1, 2020, matures September 1, 2050 when all outstanding principal and interest are due. Monthly payments of principal plus interest at 2.75% total \$1,426 and begin on September 1, 2022. Secured by all assets of 5CHC.	330,000
Total notes payable	330,000
Less current portion	4,242
Long-term portion	<u><u>\$ 325,758</u></u>

Note payable maturities are as follows:

Year ending June 30,	<u>Amount</u>
2023	\$ 4,242
2024	8,098
2025	8,323
2026	8,555
2027	8,794
Thereafter	<u>291,988</u>
Total Notes payable	<u><u>\$ 330,000</u></u>

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 11 - Net Assets Without Donor Restrictions - Designated Reserve

The 5CHC board of directors designated funds of \$25,000 transferred from operating funds to begin a reserve for future needs in July 2021, as well as monthly transfers to the reserve of \$1,000, until the reserve increases to \$100,000. Activity for the reserve during the 18 months ended June 30, 2022 is as follows:

	Beginning Balance	Received	Released	Ending Balance
Designated reserve	\$ -	\$ 36,000	\$ -	\$ 36,000

Note 12 - Net Assets With Donor Restrictions

Activity for net assets with donor restrictions for the 18 months ended June 30, 2022 is as follows:

Donor and restriction:	Beginning Balance	Received	Released	Ending Balance
New Life Community Church of the Nazarene for 100 S. 4th Street	\$ 2,500	\$ -	\$ (2,500)	\$ -
California Fine Wine for 100 S. 4th Street	5,000	-	(5,000)	-
Bank of America, rental assistance, housing	-	20,000	(11,997)	8,003
Bank of the Sierra, COVID-19	-	9,719	(9,719)	-
Umpqua Bank, homeless youth	-	3,500	(3,500)	-
Central Coast Funds for Children	-	5,145	(3,978)	1,167
Community Foundation of San Luis Obispo County (CFSLOC), adult health	-	36,000	(20,726)	15,274
CFSLOC, homeless prevention, crisis response	-	16,872	(16,872)	-
CFSLOC, eviction prevention	-	9,319	(9,319)	-
CFSLOC, immediate needs	-	9,078	(9,078)	-
CFSLOC, undocumented families rent assistance	-	10,000	(10,000)	-
CFSLOC, homeless youth	-	4,000	(2,475)	1,525
City of Arroyo Grande, warming center	-	444	(444)	-
City of Pismo Beach, Pismo residents relief	-	40,000	(15,000)	25,000
Eastern Star LLC, Barca laundry facility	-	50,000	-	50,000
Emergency Food and Shelter Program (EFSP), COVID-19 assistance	-	13,940	(10,473)	3,467
EFSP, American Rescue Plan Act (ARPA)	-	26,538	(4,000)	22,538
George Hoag Family Foundation, HESG	-	28,750	(8,750)	20,000
Kiwanis, 100 S. 4th Street	-	1,000	(153)	847
Michael Miner, HEARTH ESG	-	10,000	(3,333)	6,667
PG&E, COVID-19 and homeless recovery	-	35,000	(30,000)	5,000
State of California, COVID-19 assistance	-	25,000	(25,000)	-
Total	<u>\$ 7,500</u>	<u>\$ 354,305</u>	<u>\$ (202,317)</u>	<u>\$ 159,488</u>

Note 13 - Special Events

5CHC held special events during the 18 months ended June 30, 2022, as detailed below. Special event revenue excludes contributions generated by the events which totaled an additional \$12,270, presented in individual contributions on the accompanying statement of activities.

	Revenue	Direct Costs	Net Income
Empty Bowls	\$ 46,810	\$ 1,877	\$ 44,933
Fin's Fiesta and Fin's Giving Tuesday	25,498	1,594	23,904
Hope for Homeless Golf Tour	15,598	1,351	14,247
Total special events	<u>\$ 87,906</u>	<u>\$ 4,822</u>	<u>\$ 83,084</u>

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 14 - Contributions In-kind

5CHC received in-kind contributions from many donors during the 18 months ended June 30, 2022 as listed below.

In-kind contribution:	Amount
Special events auction items and supplies	\$ 24,840
Donated stocks Dodge Grand Caravan	15,000
Warming Center rent	6,000
Program supplies and materials	35,899
Operating supplies	42,815
Total in-kind contributions income	124,554
Less donated vehicle capitalized as an asset	(15,000)
Total in-kind contributions expense	<u>\$ 109,554</u>

In addition to the above in-kind contributions, 167 volunteers provided 1,690 hours of work valued at \$50,616 for the 18 months ended June 30, 2022. These services did not meet the criteria for recognition in these financial statements as described in Note 2.

Note 15 - Revenue from Contracts

Disaggregation of revenue

5CHC is awarded contracts from local government agencies for provision of services to individuals and families who are homeless, are facing homelessness, or require support to remain housed in south San Luis Obispo County. Support, such as grants and contributions, are received and recorded as income when received since they are not contracts with performance obligations.

Type of income:	Amount	% of Total
Contracts	\$ 2,941,547	71.73%
Grants and contributions	1,076,820	26.26%
Other revenue	82,519	2.01%
Total support and revenue	<u>\$ 4,100,886</u>	<u>100.00%</u>

Grants and contracts receivable

Receivables on the accompanying statement of financial position records amounts owed for grants and contracts that are either not yet completed or not yet paid for in full. Receivables at June 30, 2022 follows:

Grants and contracts receivable beginning balance	\$ 420,666
Grants and contracts receivable ending balance	327,949
Amount of change	(92,717)
Percent change	-22%

Deferred revenue

All of the deferred revenue received last year for unearned grants and contracts was earned during the 18 months ended June 30, 2022 as follows:

	Beginning Balance	Received	Earned	Ending Balance
Deferred revenue from grants and contracts	<u>\$ 90,711</u>	<u>\$ 613,340</u>	<u>\$ (90,711)</u>	<u>\$ 613,340</u>

See Note 8 for deferred revenue detail.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 15 - Revenue from Contracts (continued)

Performance obligations

Contracts generally run for one fiscal year, some longer. All contracts are invoiced to funders as services are provided and revenue is earned, typically on a monthly basis. Contract revenue that has not been recognized at June 30, 2022 was approximately \$3,936,419 (see Note 19). Of these remaining performance obligations, 5CHC expects to recognize revenue of 87% of this balance over the next twelve months and 13% thereafter.

Other revenue and cost of revenue

Other revenue is primarily special events revenue as detailed in Note 13 along with direct costs of special events. The remaining revenue is interest income and loss on disposal of property and equipment.

Note 16 - Operating Leases

5CHC leased office and Warming Center space under operating leases that matured in January 2021 and April 2022, respectively. Three residential units were also leased during 2021 and 2022 and matured by June 30, 2022. Rent expense for the 18 months ended June 30, 2022 totaled \$93,784 for these leases as presented in the accompanying statement of functional expenses as transitional housing/rent. All operating leases matured by June 30, 2022 resulting in no future lease obligations for the leases described in this paragraph.

5CHC entered into a use permit with San Luis Obispo County for the building site of the Cabins for Change project in the City of Grover Beach. The County waived the use permit fee.

Note 17 - Concentrations of Risk

Amounts held in financial institutions may at times be in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits during the year. 5CHC deposits its cash with high quality financial institutions and management believes 5CHC is not exposed to significant credit risk on those amounts.

The majority of 5CHC's grants and contracts are received from governmental agencies and foundations. As such, 5CHC's ability to generate resources via grants and contributions is dependent upon the economic health of the governmental agencies and area foundations. An economic downturn could cause a decrease in grants and contributions that coincides with an increase in demand for 5CHC's services.

Note 18 - Commitments

5CHC has two contracts with a construction company for roof, windows, and renovations to its building at 100 S. 4th Street, and for construction of the pallet shelter project called "Cabins for Change" both in the City of Grover Beach. The 4th Street renovation project construction contract totals \$214,835, of which \$120,603 is completed leaving a balance to finish of \$94,232 at June 30, 2022. June work completed totaled \$74,933 and is included in accounts payable at June 30, 2022. The renovations were completed in the summer of 2022.

The Cabins for Change project on Longbranch (Cabins) has a total construction contract of \$863,186, currently. Of this amount, \$285,418, less retainage of \$28,542 or \$256,876, was completed by June 30, 2022 leaving a balance of \$606,310 to complete the cabins. June 2022 work completed totaled \$85,892 and is included in accounts payable at June 30, 2022. The cabins are expected to be completed by fall of 2022 and will provide temporary housing with 18 400 square foot cabins. Included in the project are separate bathroom facilities, community space, landscaping, and staff work space.

Note 19 - Subsequent Events

Bank Line of Credit

Mechanics Bank line of credit was renewed in August 2022. The line maximum borrowing amount remains \$300,000, at prime plus 2.75% or 6% initial rate, matures on July 9, 2023 and is secured by all assets of 5CHC.

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
For the 18 Months Ended June 30, 2022

Note 19 - Subsequent Events (continued)

Note Payable

Payments for the SBA EIDL began on September 1, 2022 consisting of payments of principal plus interest at 2.75% totaling \$1,426 per month. See Note 10 for details.

New Lease

On June 27, 2022, 5CHC entered into a ground lease with the City of Grover Beach for a building site for development of a future shelter for homeless individuals and families. The lease matures in 55 years with annual payments of \$1, that are expected to be waived.

Funding

The following grants and contracts were awarded or renewed by 5CHC's current funders for one or more fiscal years with the following spendable balances for work performed after June 30, 2022:

Contracts:	Amount
California Emergency Solutions and Housing	\$ 54,871
CAPSLO, HUD Community Services Block Grant (CSBG)	286,964
City of Grover Beach, HUD CDBG	7,649
City of Grover Beach, HUD CDBG COVID-19 round 1	16,739
City of Grover Beach, HUD CDBG COVID-19 rounds 2 and 3	222,358
San Luis Obispo County (SLOC), HUD CDBG COVID-19	176,593
SLOC, HUD HEARTH Emergency Solutions Grant (HESG)	58,993
SLOC, HUD Emergency Solutions Grant (ESG) COVID-19	13,713
SLOC, HUD ESG COVID-19 round 1	613,963
SLOC, HUD ESG COVID-19 round 2	640,673
SLOC, HUD ESG round 1	71,420
SLOC, HUD ESG round 2	1,364,215
SLOC, Homeless Housing, Assistance, and Prevention (HHAP)	177,076
SLOC, HHAP, Youth Continuum of Care (CoC)	179,302
SLOC, Permanent Local Housing Allocation (PLHA)	29,164
Good Samaritan, Supportive Services for Veterans Families (SSVF)	9,719
Good Samaritan, SSVF	13,007
Total contracts	3,936,419
 Grants:	
Bank of America, HESG match	8,003
Central Coast Funds for Children, youth programs	1,167
CFSLOC, Adult Health 2022	15,274
CFSLOC, Knight Youth Fund	1,525
Order of the Eastern Star California - 97 Central Coast Star, Barca laundry	50,000
Emergency Food and Shelter Program (EFSP), grant no. 39	3,467
EFSP, American Rescue Plan Act (ARPA)	22,538
George Hoag Family Foundation, HESG match	20,000
Michael Miner, HESG match	6,667
Kiwanis Service Club	847
New Life Community Church, Immediate Needs Program	1,592
PG&E, Homeless Recovery	5,000
City of Pismo Beach, Immediate Needs Program	25,000
Subtotal grants	161,080
Total contracts and grants	\$ 4,097,499

Supplementary Information

Single Audit Reports

5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the 18 Months Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
Passed through Community Action Partnership of San Luis Obispo County (CAPSLO)				
COVID-19, CDBG Grants/Entitlement Grants	14.218	B-O-UW-06-0508	\$ -	\$ 38,743
Passed through the City of Grover Beach			-	
CDBG Grants/Entitlement Grants (GB CDBG 19-21)	14.218	17-CDBG-12027	23,370	60,726
COVID-19, CDBG Grants/Entitlement Grants (GB CDBG CV1)	14.218	20-CDBG-CV1-00020	-	32,246
COVID-19, CDBG Grants/Entitlement Grants (GB CDBG CV2/3)	14.218	20-CDBG-CV1-00022	-	25,833
COVID-19, CDBG Grants/Entitlement Grants	14.218	20-CDBG-CV2-3-00077	-	770
Passed through San Luis Obispo County				
CDBG Grants/Entitlement Grants	14.218	B-21-UC-06-0508	-	39,267
COVID-19, CDBG Grants/Entitlement Grants	14.218	B-20-UW-06-0508	-	47,000
<i>Subtotal CFDA 14.218</i>			<u>23,370</u>	<u>244,585</u>
Passed through San Luis Obispo County				
COVID-19, Emergency Solutions Grants (ESG-CV2 B)	* 14.231	E-20-UW-06-0508	-	1,029,924
COVID-19, Emergency Solutions Grants (ESG-CV1)	* 14.231	E-20-UW-06-0508	31,296	100,682
COVID-19, Emergency Solutions Grants (ESG-CV 2 A)	* 14.231	E-20-UW-06-0508	-	278,954
COVID-19, Emergency Solutions Grants (CA-ESG CV1)	* 14.231	20-ESGCV1-0030	82,982	326,325
COVID-19, Emergency Solutions Grants (CA-ESG CV2)	* 14.231	20-ESGCV1-0030	12,233	524,141
Emergency Solutions Grants	* 14.231	20-ESG-15561	50,206	116,255
Emergency Solutions Grants	* 14.231	19-ESG-13115	-	80,557
Emergency Solutions Grants	* 14.231	E-20-UC-06-0508	-	54,364
<i>Subtotal CFDA 14.231</i>			<u>176,717</u>	<u>2,511,202</u>
Passed through CAPSLO				
Continuum of Care Program	14.267	UNKNOWN	-	29,000
<i>Total Department of Housing and Urban Development</i>			<u>200,087</u>	<u>2,784,787</u>
Department of the Treasury				
Passed through Local Initiatives Support Corporation				
Emergency Rental Assistance Program	21.023	52511-0001	-	88,936
<i>Total Department of the Treasury</i>			<u>-</u>	<u>88,936</u>
Department of Veterans Affairs				
Passed through Good Samaritan				
Supportive Services for Veterans Families	64.033	20-CA-359	-	21,512
Supportive Services for Veterans Families	64.033	21-CA-359	-	29,223
<i>Total Department of Veterans Affairs</i>			<u>-</u>	<u>50,735</u>
Department of Homeland Security				
Passed through United Way Worldwide				
COVID-19, Emergency Food & Shelter Program	97.024	086400-037	-	3,513
COVID-19, Emergency Food & Shelter Program, American Rescue Plan Act (ARPA)	97.024	086400-037	-	4,000
Emergency Food & Shelter Program (Phase 37-39)	97.024	086400-037	-	10,622
<i>Total Department of Housing and Urban Development</i>			<u>-</u>	<u>18,135</u>
<i>Total Federal Expenditures</i>			<u>\$ 200,087</u>	<u>\$ 2,942,593</u>

* Major federal program

The accompanying notes are an integral part of this schedule.

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the 18 Months Ended June 30, 2022**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of 5Cities Homeless Coalition (5CHC) under programs of the federal government for the 18 months ended June 30, 2022. The information in the SEFA is prepared in accordance with the 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). Because the SEFA presents only a selected portion of the operations of 5CHC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of 5CHC.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 5CHC has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Findings and Recommendations

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the 18 Months Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

yes no

Identification of major federal programs:

CFDA Number(s):	Name of Federal Program or Cluster:
14.231	Emergency Solutions Grants Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee under 2 CFR Section 200.520?

yes no

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the 18 Months Ended June 30, 2022**

Section I - Summary of Auditor's Results

This section is not applicable since this is the first single audit for 5Cities Homeless Coalition.

**5CITIES HOMELESS COALITION, INC.
GROVER BEACH, CALIFORNIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the 18 Months Ended June 30, 2022**

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

GRIMSTAD & ASSOCIATE

Certified Public Accountants

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors and Management of
5Cities Homeless Coalition
PO Box 558
Grover Beach, California 93483

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited 5Cities Homeless Coalition's (5CHC's) compliance with the types of compliance requirements identified in the *OMB Compliance Supplement* that could have a direct and material effect on 5CHC's major federal program for the 18 months ended June 30, 2022. 5CHC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, 5CHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the 18 months ended June 30, 2022.

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 5CHC 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 on the major federal program. My audit does not provide a legal determination of 5CHC'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 5CHC's federal program.

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 5CHC's compliance based on my audit. Reasonable

Members:
AICPA OSCP & OAI

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 5CHC's compliance with the requirements of its 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 5CHC's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of 5CHC'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 5CHC'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.

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.

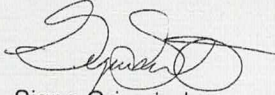
My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I 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.

5Cities Homeless Coalition
November 9, 2022

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.

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant
Newport, Oregon

November 9, 2022

GRIMSTAD & ASSOCIATE
Certified Public Accountants

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

**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***

Board of Directors
5Cities Homeless Coalition
PO Box 558
Grover Beach, California 93483

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 financial statements of 5Cities Homeless Coalition (5CHC) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the 18 months then ended, and the related notes to the financial statements, and have issued my report thereon dated November 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered 5CHC'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 5CHC's internal control. Accordingly, I do not express an opinion on the effectiveness of 5CHC'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.

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.

Members:
AICPA OSCP & OAIA

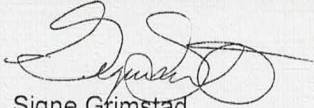
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 5CHC's 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 financial statements. 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.

GRIMSTAD & ASSOCIATE



Signe Grimstad
Certified Public Accountant

November 9, 2022