

UNION STATION HOMELESS SERVICES

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2022 AND 2021

UNION STATION HOMELESS SERVICES

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Union Station Homeless Services
Pasadena, California

Opinion

We have audited the accompanying financial statements of Union Station Homeless Services, which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Station Homeless Services as of June 30, 2022 and 2021, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Union Station Homeless Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Union Station Homeless Services' 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Union Station Homeless Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Union Station Homeless Services' ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of Union Station Homeless Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union Station Homeless Services' 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 Union Station Homeless Services' internal control over financial reporting and compliance



March 31, 2023
Pasadena, California

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	JUNE 30,	
	2022	2021
CURRENT ASSETS		
Cash	\$ 4,605,865	\$ 139,870
Cash held in trust - client accounts	8,535	8,535
Investments	13,928,684	16,732,965
Prepaid expenses	1,102,168	835,455
Grants receivable	8,817,982	8,215,545
Other receivables	6,428	9,191
Total current assets	28,469,662	25,941,561
INTANGIBLE ASSETS - NET	5,751	9,090
PROPERTY AND EQUIPMENT - NET	6,227,791	6,487,713
OTHER ASSETS		
Tenant deposits held in trust - underfunded	3,796	3,768
Investments - endowment	3,063,258	3,677,852
Restricted reserves	16,417	16,417
Total other assets	3,083,471	3,698,037
TOTAL ASSETS	\$ 37,786,675	\$ 36,136,401

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES, NET ASSETS, AND PARTNERS' CAPITAL

	JUNE 30,	
	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,759,657	\$ 4,289,916
Client trust liability	8,535	8,535
Tenant security deposits	8,034	7,984
Other liabilities	2,896,139	2,451,533
Line of credit	1,500,000	500,000
Total current liabilities	9,172,365	7,257,968
LONG-TERM LIABILITIES		
Notes payable	2,389,856	2,389,321
TOTAL LIABILITIES	11,562,221	9,647,289
NET ASSETS		
Without donor restriction		
Undesignated	6,899,702	11,000,549
Board designated	2,282,629	2,742,188
Total without donor restriction	9,182,331	13,742,737
With donor restriction	17,042,123	12,746,375
TOTAL NET ASSETS AND PARTNERS' CAPITAL	26,224,454	26,489,112
TOTAL LIABILITIES, NET ASSETS, AND PARTNERS' CAPITAL	\$ 37,786,675	\$ 36,136,401

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without donor restriction	With donor restriction	Total
SUPPORT AND REVENUE			
Government grants	\$ 26,715,744	\$ -	\$ 26,715,744
Individuals	2,635,498	124,726	2,760,224
Foundations	1,084,095	630,000	1,714,095
Other organizations	231,533	179,000	410,533
Churches	22,445	15,000	37,445
Other income	66,485	-	66,485
Gifts-in-kind	438,677	5,185,572	5,624,249
Investment income - net	646,350	141,120	787,470
Realized and unrealized loss on investments	(3,618,965)	(755,713)	(4,374,678)
Loss on disposition of assets	(7,941)	-	(7,941)
Rental revenue	80,228	-	80,228
Net assets released from restriction	1,223,957	(1,223,957)	-
	<u>29,518,106</u>	<u>4,295,748</u>	<u>33,813,854</u>
Special events revenue	366,005	-	366,005
Special events expenses	(350,242)	-	(350,242)
Net revenue from special events	<u>15,763</u>	<u>-</u>	<u>15,763</u>
Total support and revenue	<u>29,533,869</u>	<u>4,295,748</u>	<u>33,829,617</u>
EXPENSES			
Program services	27,687,264	-	27,687,264
Management and general	4,717,428	-	4,717,428
Fundraising	1,689,583	-	1,689,583
Total expenses	<u>34,094,275</u>	<u>-</u>	<u>34,094,275</u>
CHANGE IN NET ASSETS	(4,560,406)	4,295,748	(264,658)
NET ASSETS AND PARTNERS' CAPITAL AT BEGINNING OF YEAR	<u>13,742,737</u>	<u>12,746,375</u>	<u>26,489,112</u>
NET ASSETS AND PARTNERS' CAPITAL AT END OF YEAR	<u>\$ 9,182,331</u>	<u>\$ 17,042,123</u>	<u>\$ 26,224,454</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without donor restriction	With donor restriction	Total
SUPPORT AND REVENUE			
Government grants	\$ 22,105,044	\$ -	\$ 22,105,044
Individuals	2,876,495	538,363	3,414,858
Foundations	958,941	618,350	1,577,291
Other organizations	271,489	171,386	442,875
Churches	42,774	8,644	51,418
Other income	40,027	-	40,027
Gifts-in-kind	433,004	-	433,004
Investment income - net	420,482	86,798	507,280
Realized and unrealized gain on investments	3,341,092	688,458	4,029,550
Rental revenue	64,344	-	64,344
Forgiveness of debt - PPP loan	1,878,125	-	1,878,125
Net assets released from restriction	1,220,234	(1,220,234)	-
	<u>33,652,051</u>	<u>891,765</u>	<u>34,543,816</u>
Special events revenue	80,186	-	80,186
Special events expenses	(33,173)	-	(33,173)
Net revenue from special events	<u>47,013</u>	<u>-</u>	<u>47,013</u>
Total support and revenue	<u>33,699,064</u>	<u>891,765</u>	<u>34,590,829</u>
EXPENSES			
Program services	25,221,807	-	25,221,807
Management and general	2,532,947	-	2,532,947
Fundraising	1,248,319	-	1,248,319
Total expenses	<u>29,003,073</u>	<u>-</u>	<u>29,003,073</u>
CHANGE IN NET ASSETS	4,695,991	891,765	5,587,756
NET ASSETS AND PARTNERS' CAPITAL AT BEGINNING OF YEAR	<u>9,046,746</u>	<u>11,854,610</u>	<u>20,901,356</u>
NET ASSETS AND PARTNERS' CAPITAL AT END OF YEAR	<u>\$ 13,742,737</u>	<u>\$ 12,746,375</u>	<u>\$ 26,489,112</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program services	Management and general	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	\$ 13,814,258	\$ 1,872,741	\$ 1,045,474	\$ 16,732,473
Payroll taxes and employee benefits	3,059,677	356,495	188,676	3,604,848
Total personnel expenses	16,873,935	2,229,236	1,234,150	20,337,321
OTHER EXPENSES				
Food and kitchen	580,675	54,025	21,041	655,741
Development and public relations	513	390	156,742	157,645
Utilities and telephone	432,551	94,291	32,245	559,087
Facility expenses	786,385	75,397	116,812	978,594
Insurance and taxes	93,377	93,962	8,996	196,335
Legal and professional services	967	1,014,825	-	1,015,792
Staff training and meetings	222,562	103,560	13,233	339,355
Program participant aid and other program expenses	8,052,405	39,862	4,198	8,096,465
Office expense	498,838	249,681	66,847	815,366
Auto, including reimbursements	40,551	6,300	2,602	49,453
Volunteer program	66	2,148	24,107	26,321
Bank and payroll fees	-	125,684	8,610	134,294
Interest expense	-	112,876	-	112,876
Total other expenses	10,708,890	1,973,001	455,433	13,137,324
Depreciation and amortization	104,439	515,191	-	619,630
TOTAL EXPENSES	\$ 27,687,264	\$ 4,717,428	\$ 1,689,583	\$ 34,094,275

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program services	Management and general	Fundraising	Total
PERSONNEL EXPENSES				
Salaries	\$ 12,679,465	\$ 1,126,766	\$ 812,273	\$ 14,618,504
Payroll taxes and employee benefits	2,691,399	122,868	125,783	2,940,050
Total personnel expenses	15,370,864	1,249,634	938,056	17,558,554
OTHER EXPENSES				
Food and kitchen	306,776	949	2,726	310,451
Development and public relations	-	-	171,714	171,714
Utilities and telephone	334,334	27,152	11,824	373,310
Facility expenses	518,272	14,414	27,612	560,298
Insurance and taxes	159,197	16,535	5,292	181,024
Legal and professional services	-	863,342	-	863,342
Staff training and meetings	230,685	16,840	12,333	259,858
Program participant aid and other program expenses	7,366,179	-	-	7,366,179
Office expense	385,539	114,611	40,629	540,779
Auto, including reimbursements	26,946	967	423	28,336
Volunteer program	18,637	6,163	7,095	31,895
Bank and payroll fees	51,900	35,811	10,075	97,786
Interest expense	-	107,578	-	107,578
Total other expenses	9,398,465	1,204,362	289,723	10,892,550
Depreciation and amortization	452,478	78,951	20,540	551,969
TOTAL EXPENSES	\$ 25,221,807	\$ 2,532,947	\$ 1,248,319	\$ 29,003,073

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED JUNE 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ (264,658)	\$ 5,587,756
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	619,630	551,969
Donated assets	(5,185,572)	-
Amortized interest expense	535	535
Forgiveness of debt - PPP loan	-	(1,875,000)
Realized and unrealized (gain) loss on investments	4,374,678	(4,029,550)
Loss on disposition of assets	7,941	-
Changes in operating assets and liabilities:		
Prepaid expenses	(266,713)	(187,953)
Grants receivable	(602,437)	(4,308,001)
Other receivables	48,594	(1,033)
Accounts payable and accrued expenses	423,910	353,768
Client trust liability	-	4,358
Tenant security deposits	22	4,216
Other liabilities	444,606	428,570
CASH USED FOR OPERATING ACTIVITIES	(399,464)	(3,470,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	5,090,732	71,400
Purchase of investments	(860,963)	(828,272)
Purchase of property and equipment	(364,310)	(706,317)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	3,865,459	(1,463,189)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowing on line of credit	3,000,000	1,500,000
Principal payments on line of credit	(2,000,000)	(1,000,000)
CASH PROVIDED BY FINANCING ACTIVITIES	1,000,000	500,000
NET INCREASE (DECREASE) IN CASH	4,465,995	(4,433,554)
CASH AT BEGINNING OF YEAR	164,822	4,598,376
CASH AT END OF YEAR	\$ 4,630,817	\$ 164,822
SUMMARY OF CASH AT END OF YEAR:		
Cash	\$ 4,605,865	\$ 139,870
Cash held in trust - client accounts	8,535	8,535
Restricted reserves	16,417	16,417
	\$ 4,630,817	\$ 164,822
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ 14,340	\$ 9,042
TAXES	\$ 800	\$ 800

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

MISSION STATEMENT

We prevent and end homelessness by focusing on permanent solutions: housing, supportive services, employment, and community reintegration and engagement.

ORGANIZATION

Union Station Homeless Services is the leading provider of social services for homeless and low-income adults and families in Los Angeles County's San Gabriel Valley. Our work is guided by the belief that everyone deserves a life of dignity and a place to call home. We treat all people with compassion and adhere to an uncompromising belief in the dignity and inherent humanity of those we serve.

For nearly 50 years, we have continued to grow to meet the needs of our community and our unhoused neighbors, and today we are one of Los Angeles County's preeminent homeless services non-profits due to the quality and impact of our work. We have consistently been on the cutting edge of the homelessness sector—deploying and promoting inclusionary, low-barrier, evidence-based strategies such as Housing First, harm reduction, and trauma-informed care, which are now considered best practices in the region and country.

Founded in 1973 as a volunteer-run storefront serving homeless adults, Union Station incorporated as a 501(c)(3) nonprofit in 1985, started offering overnight shelter in 1987 and built our Adult Center in 1989. In 2014, the County of Los Angeles selected Union Station as the Lead Agency of the Coordinated Entry Systems (CES) for both individuals and families in the San Gabriel Valley, also known as Service Planning Area 3 (SPA 3). Our service region is one of the largest in Los Angeles County, stretching from Pasadena to Pomona with a combined population of over 1.5 million across more than 40 cities and communities.

Each year, we serve approximately 4,000 individuals and coordinate the work of 130 service partners. Last year we helped nearly 1,000 people end their homelessness and find housing, and 97% of them have remained housed thanks to our wrap-around supportive services. We are dedicated to working to rebuild lives and empower people to find homes for good.

Learn more at www.unionstationhs.org

During the year ended June 30, 2016, Union Station Homeless Services (the Organization or USHS) and Pacific Housing Alliance signed an affiliation agreement, giving USHS sole control over the Board of Directors of Pacific Housing Alliance. Through this agreement, USHS effectively owns 100% of 160 Euclid Partners, LP (the Partnership). As a result, the Partnership and Pacific Housing Alliance are required under generally accepted accounting principles to be consolidated into USHS.

UNION STATION HOMELESS SERVICES

USHS, formerly Union Station Foundation, is a 501(c)(3) nonprofit organization headquartered in Pasadena, California. The Organization's mission is to help individuals and families rebuild their lives and end homelessness.

The vision expressed by the community volunteers who founded the agency almost 50 years ago still rings true today: Everyone deserves a life of dignity and a safe place to call home. While the vision has not changed, the services have evolved. The Organization has grown to be the San Gabriel Valley's largest and most comprehensive social service agency addressing homelessness.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

ORGANIZATION (continued)

160 EUCLID PARTNERS, LP

160 Euclid Partners, LP (the Partnership), is involved in the rehabilitation and management of a 15-unit property (with 14 units for families and 1 unit for the on-site manager) consisting of affordable rental housing in Pasadena, California. The Partnership commenced in July 1997 and completed an additional rehabilitation of the rental housing in May 2012.

The Partnership rents to people with qualifying levels of income who work primarily in the City of Pasadena and other areas of Los Angeles County. The Partnership is subject to business risks associated with fluctuations in the economy and level of unemployment in Los Angeles County, which affects occupancy as well as the tenants' ability to make rental payments. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, the United States Department of Housing and Urban Development (HUD). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD and may occur with little notice or inadequate funding to pay for the related cost, including the administrative burden, to comply with a change.

PACIFIC HOUSING ALLIANCE

The purpose of the Pacific Housing Alliance is to expand opportunities available to low and moderate income people to obtain affordable, decent, safe, and sanitary housing, and to assist such people in connection with such housing-related economic opportunities, and support services.

OUR PROGRAMS

Our programs offer a continuum of services that meet the unique needs of vulnerable individuals and families in the San Gabriel Valley. As we continue to confront the ongoing pandemic and the homeless crisis, we are working diligently to meet the wide-ranging housing, health, and hunger needs of our community. Our approach has four core pillars of services: Outreach, Interim Housing, Permanent Housing, and Community Integration. These pillars are designed to not only meet people's immediate needs, but to offer a continuum of services that support their journey from homelessness to housing with long-term stability.

OUTREACH, INTAKE, AND ASSESSMENT

Union Station coordinates homeless services across the San Gabriel Valley (SPA 3). Along with more than 130 local partners, we provide street outreach; intake and assessment; connection to services; care coordination; and housing navigation, housing placement, and retention assistance. We also provide homeless prevention services for families and individuals at imminent risk for homelessness.

Our Multi-Disciplinary Teams conduct outreach in the community to engage with unhoused community members in streets, parks, around public transportation, and other outdoor spaces. To best address the needs of these highly vulnerable community members, these teams include substance use specialists, mental health clinicians, and peer specialists who have lived experience. Enhancing the work of our Multi-Disciplinary Teams, we partner with the University of Southern California Keck School of Medicine Street Medicine Team, who provide medical expertise, assessments, testing, and primary healthcare services for individuals on the street.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

OUR PROGRAMS (continued)

Once we connect with people living outdoors, we work to make the systems as accessible as possible to those who are in crisis and experiencing complex challenges and barriers to housing. As the designated lead agency for the region's **Adult Coordinated Entry System (CES)**, we connect the most vulnerable people first to safe and affordable supportive housing.

The **Family Coordinated Entry System (CES-F)** is the primary point of entry for families seeking services who are experiencing homelessness or at imminent risk of becoming unhoused. We have specially trained staff to work with families with offices in Irwindale, Pasadena, and Pomona.

Additionally, our **Hospital Liaison** and three **Patient Navigators** work with those who are frequent users of the hospital system providing case management and housing referrals. In the City of Pasadena, we are the team liaison for the Pasadena Police Department **HOPE (Homeless Outreach Psychiatric Evaluation) Team** and our staff are embedded within the Pasadena Fire and Public Health Department's **PORT (Pasadena Outreach Response Team)**.

INTERIM HOUSING

The drivers of homelessness are as varied as the needs of the individual. For many the first step on their path to permanent housing is interim housing. We offer a variety of interim housing options with wraparound services to support people while they rebuild their lives and find stability.

The Adult Center, our oldest existing program, was built in 1989 in Pasadena. It has 56 beds and separate men's and women's dormitories. In the past we have offered a wide variety of supportive services to both residents and day patrons, including our Community Meals and Showers Programs, on-site primary health care, and emergency overnight shelter. We have temporarily reduced bed counts during COVID and are utilizing motel rooms to ensure uninterrupted service to those in need. We have paused our showers and meals programs for non-residents during the pandemic. Moving forward, we are continuing to expand services and increase capacity near pre-pandemic levels.

The Family Center is a nurturing, home-like environment that offers sanctuary for up to 14 homeless families at a time. Families receive safe and secure housing, three nutritious meals per day, care coordination services, and wraparound supports such as parenting classes, budgeting, and financial literacy.

Motel Vouchers

Project Homekey is the State of California's COVID-19 response to protecting Californians experiencing homelessness who are at high risk for serious illness. Project Homekey hotels are purchased by a combination of federal and state funds. These hotels will serve as interim housing for three years, after which they will be turned into permanent supportive housing. We opened two Project Homekey hotels in El Sereno in March 2021. Almost 100 people moved from the local encampments into the *Casa Luna* and *Huntington Villas*.

Union Station also supports hundreds of families in need of interim housing with **motel vouchers**, which offer a private environment that may better meet their needs until they are able to attain permanent housing.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

OUR PROGRAMS (continued)

PERMANENT HOUSING

Our permanent housing programs provide safe, affordable, and private apartments, as well as on-site support services for long-term stability. Residents in all permanent supportive housing locations pay 30% of their income to the property manager as a condition of their housing voucher.

Some of our families and individuals only need short term assistance. We use an innovative rapid re-housing approach to help locate and retain housing as well provide temporary rental support, if needed. Based on their needs, clients are enrolled on either the **Family Solutions Program**, the **Rapid Rehousing Program**, or the **Recovery Rehousing Program**, a COVID-19 Recovery Plan.

For clients who would benefit from a more long-term approach, we offer on-site supportive services and care coordination to aid in retaining their permanent housing. We offer services at our facilities including intensive case management, referrals, and benefits advocacy.

- Euclid Villa is a 14-unit apartment building where families have private units with kitchens
- Marv's Place provides 19 units of affordable housing for formerly homeless families
- Centennial Place offers 142 single-room occupancy apartments for very low-income adults

We also offer several scattered-site housing programs that link individuals with housing vouchers and services throughout the communities of the San Gabriel Valley.

- **Holly Street Housing** links chronically homeless adults and families with community housing resources
- **Housing for Health** provides on-site specialized care services to chronically homeless adults with complex health issues
- **Los Angeles County Development Authority (LACDA) Program** provides permanent supportive housing along with comprehensive supportive services at scattered-site locations in the San Gabriel Valley

In the last fiscal year, 97% of people remain housed across all of our housing programs.

COMMUNITY REINTEGRATION AND EMPLOYMENT

SOURCES Career Development

SOURCES Career Development has helped people overcome poverty and homelessness by connecting them to meaningful employment.

For our clients:

We offer a multi-disciplinary approach for our clients, as well as low income and unhoused job seekers referred by our partner agencies. We assist with all aspects of a job search, from how to effectively use the internet to resume writing and interview techniques. As part of the SOURCES Career Development/Job Club, a Job Developer creates customized career plans for each individual. Services include everything from career counseling to assistance with short-term training, ID cards, and clothing, shoes, uniforms, and tools.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

OUR PROGRAMS (continued)

For companies:

SOURCES will find the right candidate for your position and put them in touch with you so you can set up an interview. Once a candidate is hired, our team continues to foster the relationship to ensure success in their new role.

Benefits of Working with SOURCES Candidates

- Skills matching
- Motivated workers
- Free placement
- Retention services

SOURCES is helping to achieve community, social and economic growth through rebuilding our community, one hire at a time.

Community Allies

The purpose of our Community Allies Program is to support our neighbors as they transition into housing. The program fosters one-on-one relationships and fun social networks to combat isolation and to support wellness and housing stability. This year, despite the unique challenges presented by the pandemic, Community Allies continued to change lives. Our programs have kept residents in our supportive housing programs connected in small in-person groups and virtually. Activities included book club, picnics in the park, yoga and more.

Continuing Wellness Activities

Thanks to our volunteers and community partners, we can offer various activities for individuals and families, including monthly birthday celebrations, nutrition classes, budgeting, yoga, and much more to build inclusive and healthy communities.

VOLUNTEER AND COMMUNITY PROGRAMS

We can only open more doors and embrace more communities with the help of our dedicated volunteers. These wonderful people and organizations have continued to serve alongside our staff throughout the last year. They support our staff with meal services, administrative needs, and other vital supportive services that enable our staff to continue to provide the highest standard of service for all our clients.

Volunteers have generously given their time and talent to several of our key programs and along the way they have found purpose and joy when connecting with our clients.

Total Volunteers - 4,383
Volunteer Hours - 15,342

LIQUIDITY

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or restricted by donors or the board of directors. The Organization evaluates future liquidity requirements based on expected future expenditures

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

LIQUIDITY (continued)

	June 30,	
	2022	2021
Cash	\$ 4,605,865	\$ 139,870
Cash held in trust - client accounts	8,535	8,535
Investments	13,928,684	16,732,965
Investments - endowment	3,063,258	3,677,852
Grants receivable	8,817,982	8,215,545
Less:		
Cash held in trust - client accounts	(8,535)	(8,535)
Board designated reserves	(2,282,629)	(2,742,188)
Net assets with donor restriction	(17,042,123)	(12,746,375)
	<u>\$ 11,091,037</u>	<u>\$ 13,277,669</u>

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Certain prior year amounts have been reclassified to conform with the current year presentation. A summary of significant accounting policies is described below:

CONSOLIDATION

In accordance with GAAP, the financial statements of Union Station Homeless Services, 160 Euclid Partners, LP (the Partnership) and Pacific Housing Alliance are consolidated into the financial statements of Union Station Homeless Services. All material intercompany transactions as of June 30, 2022 and 2021 have been eliminated.

CASH

Liquid assets having a maturity of three months or less are included as cash.

FAIR VALUE MEASUREMENTS

GAAP requires that items recorded at fair market value be valued as level one, two or three, based on various inputs and methodologies as described below:

Level 1 - quoted prices and active markets for identical holdings

Level 2 - significant observable market-based inputs, other than Level 1 quoted prices, or unobservable inputs that are based on comparable market data

Level 3 - significant observable inputs that are not based on comparable market data

TENANT DEPOSITS HELD IN TRUST

In accordance with the Regulatory Agreement with the U.S. Department of Housing and Urban Development (HUD), the Partnership is required to maintain a tenant security deposit trust account. The amount must at all times be equal to or exceed the aggregate of all outstanding obligations to tenants for refundable security deposits. The tenant security deposits fund consists of cash.

As of June 30, 2022, the balances of the tenant security deposit trust account and the tenant security deposit liability were \$3,796 and \$8,034, respectively, leaving an underfunded liability of \$4,238.

As of June 30, 2021, the balances of the tenant security deposit trust account and the tenant security deposit liability were \$3,768 and \$7,984, respectively, leaving an underfunded liability of \$4,216.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

SIGNIFICANT ACCOUNTING POLICIES (continued)

GRANTS RECEIVABLE

Grants receivable consist mainly of grants from federal, state and city government agencies. Based on management's experience, all receivables are expected to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded as of June 30, 2022 and 2021.

Opening and closing balances of grants receivable for the years ended June 30, 2022 and 2021 were as follows:

	June 30,	
	2022	2021
Grants receivable - gross, beginning of year	\$ 8,215,545	\$ 3,907,544
Grants receivable - gross, end of year	\$ 8,817,982	\$ 8,215,545

PROPERTY AND EQUIPMENT

Property and equipment are reported at cost. Depreciation is computed on a straight-line basis over estimated useful lives of 3 to 40 years. Maintenance and repairs are recorded as expenses in the year incurred, and renewals and betterments exceeding \$1,000 are capitalized.

DEFERRED LOAN COSTS

Costs incurred with obtaining financing through banks are capitalized and amortized as a component of interest expense over the lives of the respective financing arrangements using the straight-line method. In accordance with GAAP, these costs are reflected as a direct deduction from the face amount of the related debt obligations. GAAP requires that the effective interest method be used to amortize the costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective interest method.

Loan fees as of June 30, 2022 and 2021 are reflected net of accumulated amortization of \$10,453 and \$9,918, respectively (SEE NOTES PAYABLE). Amortized interest expense for the years ended June 30, 2022 and 2021 was \$535 and \$535, respectively.

OTHER LIABILITIES

Other liabilities consist of advances received from contracts to provide for future services. Other liabilities for the years ended June 30, 2022 and 2021 were as follows:

	June 30,	
	2022	2021
Other liabilities, beginning balance	\$ 2,451,533	\$ 2,022,963
Contract advances recognized as revenue	(2,451,533)	(2,022,963)
Contract advance payments received	2,896,139	2,451,533
Other liabilities, ending balance	\$ 2,896,139	\$ 2,451,533

REVENUE RECOGNITION

Effective July 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) and all subsequently issued clarifying ASU's

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

which replaced most existing revenue recognition guidance in GAAP. The new guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. Results for reporting periods beginning after July 1, 2020 are presented under Topic 606 while prior periods amounts are not adjusted and continue to be reported in accordance with legacy GAAP.

There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

The Organization's material revenue-generating activities and related accounting policies are as follows:

Contracts with Funding Agencies

Revenue from contracts with federal, state, and local funding agencies is recognized when qualifying costs are incurred for cost-reimbursement contracts or when units of service are provided for performance contracts. The adoption of ASU 2014-09 has not resulted in a change in the Organization's method of recognizing revenue under these contracts.

The transaction price is stated in each contract and is satisfied over time, generally by monthly billing over the contract period. The significant judgments required to determine the timing of satisfaction of the performance obligations includes 1) determining that a cost allowable under the contract has been incurred, and 2) determining that the cost relates to a period covered by the contract. Both of these performance obligations must be satisfied before the funding agency can be billed for reimbursement, and revenue is recognized when the funding agency is billed. Contract revenues are subject to audit and review by funding agencies, and in some cases, cost reimbursement may be disallowed.

Rents

The Partnership's rental revenue is earned pursuant to leases of various apartment units that generally do not exceed more than one year. All leases between the Partnership and the tenants of the property are operating leases. Rent revenue is recognized monthly at agreed upon rates over the terms stated within the lease agreements.

Contributions

All donations received are considered available for unrestricted use unless restricted by the donor. The Organization records contributions as with donor restriction if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Noncash contributions received (gifts-in-kind) are recorded at fair market value when they are significant in amount and when there is a reasonable basis for valuation.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction, as described below:

Without donor restriction, includes funds which are expendable for the support of the Organization's operations.

With donor restriction includes funds which donors have restricted for specific purposes or funds that are subject to specific timetables, or both (see NET ASSETS WITH DONOR RESTRICTION).

ESTIMATES

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

INCOME TAXES

Union Station Homeless Services and Pacific Housing Alliance operate as California nonprofit corporations under section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes; accordingly, no provision is made for current or deferred income taxes. The organizations use the same accounting methods for tax and financial reporting.

The Partnership is a pass-through entity for income tax purposes and all items of income and losses of the Partnership are reported by the partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file tax returns with the Internal Revenue Service and other taxing authorities. The state of California assesses limited partnerships an annual minimum tax of \$800. The total tax assessed for the years ended June 30, 2022 and 2021 was \$800 and \$800, respectively.

JOINT COST ALLOCATION

The Organization incurs costs that are shared by program, management and general, and fundraising activities. The amount allocated to each area depends upon the purpose, audience and content of each medium used. The Organization determined the allocation based on both current and historical data.

DONATED SERVICES

GAAP requires the value of donated services be recorded if those donated services create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of the Organization. However, since the above requirements were not met, the value of the contributed services is not recorded in the accompanying financial statements. During the years ended June 30, 2022 and 2021, the Organization received professional services at no cost and these services are reflected in the accompanying financial statements (see NONCASH TRANSACTIONS).

PARTNERSHIP

160 Euclid Partners, LP is a California limited partnership, which was formed on July 14, 1997. The general partner is Pacific Housing Alliance, and the limited partner is Union Station Homeless Services. Both are California non-profit corporations. The General and Limited Partners' percentage of interest in profits and losses is 1% and 99%, respectively.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

OPERATING AND REPLACEMENT RESERVE

The Partnership is required to provide annual deposits to the operating reserve of 3 percent of gross rental collections up to a maximum of \$85,952, with an initial operating deposit of \$76,000, upon development financing, as defined; and \$350 per unit (\$5,250 annually) for the replacement reserve, commencing upon completion of construction (December 1999).

As of June 30, 2022 the Partnership had a shortfall in its operating reserve and replacement reserve in the amount of \$16,917 and \$8,330, respectively.

As of June 30, 2022, the cash balances restricted for such reserves were as follows:

	Operating Reserves	Replacement Reserves	Total Reserves
Restricted reserve balances as of June 30, 2020	\$ 1,122	\$ 15,295	\$ 16,417
Additions	-	-	-
Withdrawals	-	-	-
Restricted reserve balances as of June 30, 2021	1,122	15,295	16,417
Additions	-	-	-
Withdrawals	-	-	-
Restricted reserve balances as of June 30, 2022	<u>\$ 1,122</u>	<u>\$ 15,295</u>	<u>\$ 16,417</u>

INVESTMENTS

In accordance with GAAP, the fair value of investments is a level 1 classification. Investments consisted of the following:

	June 30,	
	2022	2021
Mutual funds - fixed income	\$ 4,142,866	\$ 4,517,767
Mutual funds - equity	<u>12,849,076</u>	<u>15,893,050</u>
	<u>\$ 16,991,942</u>	<u>\$ 20,410,817</u>

Investment income of \$787,470 and \$507,280 on the statement of activities consists of dividends, interest, and capital gain distributions and is reflected net of investment fees of \$76,391 and \$71,203 for the years ended June 30, 2022 and 2021, respectively.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

INTANGIBLE ASSETS

Intangible assets consisted of the following:

	June 30,	
	2022	2021
Website	\$ 66,696	\$ 66,696
Less accumulated amortization	(60,945)	(57,606)
	<u>\$ 5,751</u>	<u>\$ 9,090</u>

Amortization expense for the years ended June 30, 2022 and 2021 was \$3,339 and \$3,339, respectively.

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2022	2021
Land	\$ 2,615,756	\$ 2,615,756
Buildings	4,753,447	4,753,447
Building improvements	7,281,512	7,206,397
Land improvements	245,128	245,128
Office equipment	832,898	617,024
Furniture and equipment	1,220,835	1,196,532
Vehicles	426,063	404,151
Construction in process	19,645	21,714
Property and equipment - gross	17,395,284	17,060,149
Less accumulated depreciation	(11,167,493)	(10,572,436)
Property and equipment - net	<u>6,227,791</u>	<u>6,487,713</u>
Less debt secured by property	<u>(2,400,361)</u>	<u>(2,400,361)</u>
Net investment in property and equipment	<u>\$ 3,827,430</u>	<u>\$ 4,087,352</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$616,291 and \$548,630, respectively.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NOTES PAYABLE

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Pasadena Community Development Commission note secured by land and buildings with assignment of rents; four outstanding loan amounts in the aggregate not to exceed \$623,500; simple interest at 4.00%; principal and interest payable annually from available residual receipts exclusively from 160 Euclid Partners, LP, as defined in the loan agreement; unpaid principal and interest due December 2029; if all loan requirements are met, the loan will be forgiven at maturity	\$ -	\$ 623,500	\$ 623,500
Housing Authority of the City of Glendale note secured by land and buildings with assignment of rents; original principal of \$658,500; simple interest at 6.00%; principal and interest payable annually from available residual receipts exclusively from 160 Euclid Partners, LP, as defined in the loan agreement; unpaid principal and interest due August 2030; if all loan requirements are met, the loan will be forgiven at maturity	-	658,500	658,500
Housing Authority of the County of Los Angeles note secured by a deed of trust, in the amount of \$1,118,361; simple interest at 3.00%; principal and interest payable annually from available residual receipts exclusively from 160 Euclid Partners, LP, as defined in the loan agreement; unpaid principal and interest due July 2066; if all loan requirements are met, the loan will be forgiven at maturity	<u>-</u>	<u>1,118,361</u>	<u>1,118,361</u>
	\$ <u>-</u>	\$ <u>2,400,361</u>	\$ <u>2,400,361</u>
Less: unamortized debt issuance costs			<u>(10,505)</u>
			<u>\$ 2,389,856</u>

The residual receipts notes payable are payable upon availability of residual receipts. No residual receipts were generated by the Partnership for the years ended June 30, 2022 and 2021.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NOTES PAYABLE (continued)

Future maturities for outstanding loans as of June 30, 2022 are as follows:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		2,400,361
	\$	<u>2,400,361</u>

Accrued interest of \$1,956,784 and \$1,858,783 associated with the notes payable is included in accrued expenses as of June 30, 2022 and 2021, respectively. Interest expense for the years ended June 30, 2022 and 2021 was \$112,876 and \$107,578, respectively.

In May 2020, the Organization obtained a Paycheck Protection Program (PPP) loan in the amount of \$1,875,000, administered by the Small Business Administration (SBA) as part of the relief efforts related to COVID-19. In June 2021, the full amount of the loan was forgiven, in addition to \$3,125 of accrued interest. The total loan forgiveness in the amount of \$1,878,125 is reflected as forgiveness of debt income in the accompanying statement of activities for the year ended June 30, 2021.

LINE OF CREDIT

The Organization has a line of credit with Citizens Business Bank in an amount not to exceed \$4,000,000 with a maturity date of June 2023. The credit line bears interest at the bank's prime rate of interest, with a floor rate of 4.25%. As of June 30, 2022 and 2021, the outstanding balance on the line of credit was \$1,500,000 and \$500,000, respectively.

SPECIAL EVENTS

During the years ended June 30, 2022 and 2021, the Organization conducted various special events designed to raise funds for general operations. These events included a cabaret concert, a food festival, and other small events. Total support from these events was \$366,005 and \$80,186 and total expenses from these events were \$350,242 and \$33,173, respectively. The cost of other fundraising activities is classified as fundraising expense.

LEASE COMMITMENTS

The Organization leases three office properties located in the San Gabriel Valley and six vehicles under noncancelable leases. Total monthly payments for the three properties are roughly \$33,500 and monthly payments for the six vehicles are approximately \$820, and the leases expire between May 2023 and November 2027. Future minimum payments are as follows:

2023	\$	412,206
2024		416,421
2025		369,603
2026		34,883
2027		66,830
Thereafter		28,188
	\$	<u>1,328,131</u>

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

LEASE COMMITMENTS (continued)

Rent expense for the years ended June 30, 2022 and 2021 was \$427,569 and \$405,678, respectively, and is included in program participant aid and other program expenses on the statement of functional expenses.

CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits at financial institutions and investments in marketable securities. At times, balances in the Organization's cash and investment accounts may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits.

During the year ended June 30, 2022, approximately 77% of grant and contribution revenue was from two funding sources. At June 30, 2022, approximately 63% of grants receivable consisted of amounts due from two funding sources.

During the year ended June 30, 2021, approximately 89% of grant revenue was awarded from three funding sources. At June 30, 2021, approximately 89% of grants receivable consisted of amounts due from these funding sources.

DEFINED CONTRIBUTION PLAN

The Organization has a 403(b) tax sheltered annuity plan (defined contribution plan) for qualified participants. Contributions to the plan are non-forfeitable. The Organization may annually contribute a percentage of eligible employees' salaries. Eligible participants may contribute up to the maximum amount currently allowed by the Internal Revenue Service. Contributions made by the Organization during the years ended June 30, 2022 and 2021 were \$382,939 and \$329,045, respectively, and are included in payroll taxes and employee benefits on the statement of functional expenses.

NONCASH TRANSACTIONS

GIFTS-IN-KIND

The following gifts-in-kind were received:

	June 30,	
	2022	2021
Stock	\$ 5,185,572	\$ -
Food and kitchen supplies used in daily operations	259,209	153,085
Non-food items distributed to patrons	124,054	171,033
Other supplies used in daily operations	45,316	29,110
Professional services	10,098	79,776
Special events gifts-in-kind	61,082	415
	<u>\$ 5,685,331</u>	<u>\$ 433,419</u>

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NONCASH TRANSACTIONS (continued)

Special events gifts-in-kind are included in special events revenue and expenses on the statement of activities. All other gifts-in-kind are reported as gifts-in-kind income on the statement of activities and are included in program participant aid and other program expenses on the statement of functional expenses.

In accordance with GAAP, stock donations are a level 1 classification, professional services are a level 2 classification, while all other gifts-in-kind are a level 3 classification.

ENDOWMENT

The Organization's endowment consists of several funds established for various purposes. The Governing Board of the Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the historical dollar amount of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted net assets (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

INVESTMENT POLICY

Endowment funds are to be invested in securities and other instruments using a broad array of asset classes with the goal of minimizing risk and maximizing potential return within certain guidelines. The long-term target rate of return is four to five percent greater than the inflation rate. This goal, while not always achievable, should accommodate an annual target withdrawal rate of four percent of average assets per year for use by the Organization's programs when market conditions allow.

SPENDING POLICY

The Organization has a policy of appropriating for distribution each year up to four percent of the endowment fund's average net fair market value. Amounts appropriated may be used for operational or capital needs.

The Organization has one endowment whereby the donor requires that 10% of the net income each year be transferred to the corpus of the fund, and the remaining 90% of the net income be used for medical care for the needy.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund for perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in net assets with donor restriction.

As of June 30, 2022 and 2021, endowment assets consisted solely of investments in mutual funds.

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

ENDOWMENT (continued)

ENDOWMENT NET ASSETS COMPOSITION

	Without donor restriction	With donor restriction	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required by donor to be retained	\$ -	\$ 2,275,954	\$ 2,275,954
Portion subject to appropriation under SPMIFA	-	1,401,898	1,401,898
Endowment net assets at June 30, 2021	\$ -	\$ 3,677,852	\$ 3,677,852
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required by donor to be retained	\$ -	\$ 2,275,954	\$ 2,275,954
Portion subject to appropriation under SPMIFA	-	787,304	787,304
Endowment net assets at June 30, 2022	\$ -	\$ 3,063,258	\$ 3,063,258

CHANGES IN ENDOWMENT NET ASSETS

	Without donor restriction	With donor restriction	Total
Endowment net assets at June 30, 2020	\$ -	\$ 2,652,594	\$ 2,652,594
Investment return			
Investment income	-	86,798	86,798
Net appreciation (realized and unrealized)	-	688,459	688,459
Total investment return	-	775,257	775,257
Contributions	-	250,001	250,001
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets at June 30, 2021	-	3,677,852	3,677,852
Investment return (loss)			
Investment income	-	141,119	141,119
Net depreciation (realized and unrealized)	-	(755,713)	(755,713)
Total investment return (loss)	-	(614,594)	(614,594)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets at June 30, 2022	\$ -	\$ 3,063,258	\$ 3,063,258

UNION STATION HOMELESS SERVICES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

NET ASSETS WITH DONOR RESTRICTION

Net assets subject to donor restrictions consisted of the following:

	June 30,	
	2022	2021
Purpose restriction:		
Endowment	\$ 3,063,258	\$ 3,677,852
Capital improvements and education	8,251,849	8,408,737
Staff development	43,734	-
Various programs	5,683,282	659,786
Total net assets subject to donor restriction	\$ 17,042,123	\$ 12,746,375

RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global, national, and local markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its operations and financial results. The Organization is taking appropriate actions to mitigate the negative impact; however, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date these financial statements were available to be issued.

SUBSEQUENT EVENTS

In accordance with GAAP, management has evaluated subsequent events through the date at which these financial statements were available to be issued and determined no events have occurred that require disclosure.

SUPPLEMENTAL INFORMATION

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	ASSETS				
	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, LP	ELIMINATIONS	TOTAL
CURRENT ASSETS					
Cash	\$ 4,605,313	\$ -	\$ 552	\$ -	\$ 4,605,865
Cash held in trust - client accounts	8,535	-	-	-	8,535
Investments	14,081,202	-	-	(152,518)	13,928,684
Prepaid expenses	1,102,168	-	-	-	1,102,168
Grants receivable	8,817,982	-	-	-	8,817,982
Other receivables	113,886	6,035	199,049	(312,542)	6,428
Total current assets	28,729,086	6,035	199,601	(465,060)	28,469,662
INTANGIBLE ASSETS - NET	5,751	-	-	-	5,751
PROPERTY AND EQUIPMENT - NET	3,471,816	-	2,755,975	-	6,227,791
OTHER ASSETS					
Tenant deposits held in trust - underfunded	-	-	3,796	-	3,796
Investments - endowment	3,063,258	-	-	-	3,063,258
Restricted reserves	-	-	16,417	-	16,417
Total other assets	3,063,258	-	20,213	-	3,083,471
TOTAL ASSETS	\$ 35,269,911	\$ 6,035	\$ 2,975,789	\$ (465,060)	\$ 37,786,675

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022

	LIABILITIES AND NET ASSETS				
	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, LP	ELIMINATIONS	TOTAL
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 2,980,118	\$ -	\$ 2,342,142	\$ (562,603)	\$ 4,759,657
Client trust liability	8,535	-	-	-	8,535
Tenant security deposits	-	-	8,034	-	8,034
Other liabilities	2,896,139	-	-	-	2,896,139
Line of credit	1,500,000	-	-	-	1,500,000
Total current liabilities	7,384,792	-	2,350,176	(562,603)	9,172,365
LONG-TERM LIABILITIES					
Notes payable	-	-	2,389,856	-	2,389,856
TOTAL LIABILITIES	7,384,792	-	4,740,032	(562,603)	11,562,221
NET ASSETS AND PARTNERS' CAPITAL					
Without donor restriction					
Undesignated	8,560,367	6,035	-	(54,975)	8,511,427
Partners' Capital (Deficit)	-	-	(1,764,243)	152,518	(1,611,725)
Total undesignated	8,560,367	6,035	(1,764,243)	97,543	6,899,702
Board designated	2,282,629	-	-	-	2,282,629
Total without donor restriction	10,842,996	6,035	(1,764,243)	97,543	9,182,331
With donor restriction	17,042,123	-	-	-	17,042,123
TOTAL NET ASSETS (DEFICIT)	27,885,119	6,035	(1,764,243)	97,543	26,224,454
TOTAL LIABILITIES, NET ASSETS AND PARTNERS' CAPITAL (DEFICIT)	\$ 35,269,911	\$ 6,035	\$ 2,975,789	\$ (465,060)	\$ 37,786,675

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
SUPPLEMENTAL STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	UNION STATION HOMELESS SERVICES	PACIFIC HOUSING ALLIANCE	160 EUCLID PARTNERS, LP	ELIMINATIONS	Total
SUPPORT AND REVENUE					
Government grants	\$ 26,715,744	\$ -	\$ 117,938	\$ (117,938)	\$ 26,715,744
Individuals	2,760,224	-	-	-	2,760,224
Foundations	1,714,095	-	-	-	1,714,095
Other organizations	410,533	-	-	-	410,533
Churches	37,445	-	-	-	37,445
Other income	63,632	-	2,853	-	66,485
Gifts-in-kind	5,624,249	-	-	-	5,624,249
Investment income - net	787,470	-	-	-	787,470
Realized and unrealized loss on investments	(4,374,678)	-	-	-	(4,374,678)
Loss on disposition of assets	(7,941)	-	-	-	(7,941)
Rental revenue	-	-	80,228	-	80,228
	<u>33,730,773</u>	<u>-</u>	<u>201,019</u>	<u>(117,938)</u>	<u>33,813,854</u>
Special events revenue	366,005	-	-	-	366,005
Special events expenses	<u>(350,242)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,242)</u>
Net revenue from special events	<u>15,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,763</u>
Total support and revenue	<u>33,746,536</u>	<u>-</u>	<u>201,019</u>	<u>(117,938)</u>	<u>33,829,617</u>
EXPENSES					
Program services	27,566,176	-	236,172	(115,084)	27,687,264
Management and general	4,558,150	-	173,187	(13,909)	4,717,428
Fundraising	<u>1,689,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689,583</u>
Total expenses	<u>33,813,909</u>	<u>-</u>	<u>409,359</u>	<u>(128,993)</u>	<u>34,094,275</u>
CHANGE IN NET ASSETS	<u>(67,373)</u>	<u>-</u>	<u>(208,340)</u>	<u>11,055</u>	<u>(264,658)</u>
NET ASSETS AND PARTNERS' CAPITAL (DEFICIT) AT BEGINNING OF YEAR	<u>27,952,492</u>	<u>6,035</u>	<u>(1,555,903)</u>	<u>86,488</u>	<u>26,489,112</u>
NET ASSETS AND PARTNERS' CAPITAL (DEFICIT) AT END OF YEAR	<u>\$ 27,885,119</u>	<u>\$ 6,035</u>	<u>\$ (1,764,243)</u>	<u>\$ 97,543</u>	<u>\$ 26,224,454</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED JUNE 30, 2022

	General Partner PHA	Limited Partner USHS	Total
Balance, June 30, 2021	\$ (456,267)	\$ (1,099,636)	\$ (1,555,903)
Net loss	<u>(2,083)</u>	<u>(206,257)</u>	<u>(208,340)</u>
Balance, June 30, 2022	<u>\$ (458,350)</u>	<u>\$ (1,305,893)</u>	<u>\$ (1,764,243)</u>

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES

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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 Governing Board
Union Station Homeless Services
Pasadena, California

We have audited, 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, the financial statements of Union Station Homeless Services (the 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 year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union Station Homeless Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union Station Homeless Services' internal control. Accordingly, we 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 financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union Station Homeless Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union Station Homeless Services' 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.

A handwritten signature in blue ink, reading "Gordon Armstrong". The signature is written in a cursive style with a large initial "G" and a long, sweeping underline.

March 31, 2023
Pasadena, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board
Union Station Homeless Services
Pasadena, California

Report on Compliance for Each Major Federal Program

We have audited Union Station Homeless Services' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Union Station Homeless Services' major federal programs for the year ended June 30, 2022. Union Station Homeless Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union Station Homeless Services' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union Station Homeless Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Union Station Homeless Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Union Station Homeless Services 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 June 30, 2022.

Report on Internal Control over Compliance

Management of Union Station Homeless Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning

and performing our audit of compliance, we considered Union Station Homeless Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union Station Homeless Services' 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Union Station Homeless Services as of and for the year ended June 30, 2022, and have issued our report thereon dated March 31, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink, reading "Gordon Armstrong". The signature is written in a cursive, flowing style.

March 31, 2023
Pasadena, California

UNION STATION HOMELESS SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/ AGREEMENT NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
Federal Assistance				
Department of Housing and Urban Development				
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1447L9D071904	\$ -	\$ 22,759
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1363L9D071905	-	102,043
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1447L9D072005	-	85,924
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1259L9D071906	32,810	42,597
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1363L9D072006		624,051
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1806D9D071901	-	29,390
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1806D9D072002	-	78,172
Passed through City of Pasadena				
Continuum of Care (COC) program	14.267	CA1259L9D072007	85,128	144,594
Passed through Los Angeles Homeless Services Authority				
Continuum of Care (COC) program	14.267	CEDVC03	-	56,716
Subtotal			117,938	1,186,246
Passed through Los Angeles Homeless Services Authority				
Emergency Solutions Grants Program	14.231	2021CiPHA09	249,955	864,761
Passed through Los Angeles Homeless Services Authority				
Emergency Solutions Grants Program	14.231	2021CiPHA08	369,469	1,835,974
Passed through Los Angeles Homeless Services Authority				
Emergency Solutions Grants Program	14.231	2020CRFRR08	-	4,272,553
Passed through Los Angeles Homeless Services Authority				
Emergency Solutions Grants Program	14.231	2021RRHNF07	-	59,567
Passed through City of El Monte				
Emergency Solutions Grants Program	14.231	2021EMIH-Motel M	-	471,932
Passed through City of Pasadena				
Emergency Solutions Grants Program	14.231	32092	-	161,910
Passed through City of Pasadena				
Emergency Solutions Grants Program	14.231	31950	-	80,788
Passed through City of Pasadena				
Emergency Solutions Grant Program	14.231	32010	-	581,833
Subtotal			619,424	8,329,318 *
Passed through Los Angeles Homeless Services Authority				
Los Angeles County Development Authority				
Community Development Block				
Grants/Entitlement Grants	14.218	2021RRHNF07	-	353,573 *
Total Department of Housing and Urban Development			737,362	9,869,137

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

<u>FEDERAL GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT/ AGREEMENT NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>FEDERAL EXPENDITURES</u>
Department of the Treasury				
Passed through County of Los Angeles Department of Health Services				
Coronavirus Relief Fund	21.019	048-HFH-ICMS	-	1,156,417
Passed through Los Angeles Homeless Services Authority				
Coronavirus Relief Fund	21.019	2020CRFRR08	-	320,759
Subtotal			-	1,477,176
Passed through City of Pasadena				
Coronavirus State and Local Fiscal				
Recovery Funds	21.027	31690	-	80,000
Total Department of the Treasury			-	1,557,176
Department of Health and Human Services				
Passed through City of Pasadena				
Substance Abuse and Mental Health Projects				
of Regional and National Significance	93.243	31083	-	69,713
Passed through Los Angeles Homeless Services Authority				
Temporary Assistance for Needy				
Families (TANF)	93.558	2021RRHNF07	-	250,404
Passed through Los Angeles Homeless Services Authority				
Temporary Assistance for Needy				
Families (TANF)	93.558	2021RRDPS03	-	214,295
Passed through South Bay Workforce Investment Board				
Temporary Assistance for Needy				
Families (TANF)	93.558	19-W112	-	26,400
Subtotal TANF cluster			-	491,099
Total Department of Health and Human Services			-	560,812
Department of Homeland Security				
Passed through United Way of Greater Los Angeles				
Emergency Food and Shelter National				
Board Program	97.024	EFSP Phase ARPA-R	-	40,569
Total Department of Homeland Security			-	40,569
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 737,362	\$ 12,027,694
* Major program				

The accompanying notes are an integral part of this statement.

UNION STATION HOMELESS SERVICES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule), includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization elected to use the 10% de minimis indirect cost rate.

UNION STATION HOMELESS SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

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

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

☐ Yes

☒ No

Identification of major federal programs:

<u>CFDA No.</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Auditor's Report Issued</u>
14.231	Emergency Solutions Grant Program	Unmodified
14.218	Community Development Block Grants/Entitlement Grants	Unmodified

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

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes

☐ No

SECTION II. FINANCIAL STATEMENT FINDINGS

None

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

UNION STATION HOMELESS SERVICES
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Financial Statement Findings

No prior findings reported

Federal Award Findings

No prior findings reported