



**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

SINGLE AUDIT REPORTS

JUNE 30, 2020

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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors
Contra Costa Interfaith Housing, Inc.
dba: Hope Solutions
and Subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary (nonprofit organizations), which comprise the Consolidated Statement of Financial Position as of June 30, 2020, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary'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 entities' consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***
continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's consolidated financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entities' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Oakland, California
March 29, 2021

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**

To the Board of Directors
Contra Costa Interfaith Housing, Inc.
dba: Hope Solutions
and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's major federal programs for the year ended June 30, 2020. Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's 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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's 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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's compliance.

Opinion on Each Major Federal Program

In our opinion, Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's 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, 2020.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

Report on Internal Control Over Compliance

Management of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary 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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's 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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 were not identified.

The purpose of this report on internal control and compliance is solely to describe the scope of our testing of internal control and 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.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

**Report on Schedule of Expenditures of Federal and Non-federal Awards Required by the Uniform
Guidance**

We have audited the consolidated financial statements of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's as of and for the year ended June 30, 2020, and have issued our report thereon dated March 29, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and non-federal awards is presented for the purpose of additional analysis as required by 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) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal and non-federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Harrington Group

Oakland, California
March 29, 2021

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
For the year ended June 30, 2020

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA Number	Contract Term	Program Award	Program Expenditures	Non-federal	Total Expenditures	Pass-through to Sub-recipients
Federal Awards								
U.S. Department of Housing and Urban Development ("HUD"):								
Direct Recipient for the Scattered Site Program:								
Continuum of Care Program, Consolidated Access	CA0180L9T051811	14.267	02/01/2019 - 01/31/2020	\$ 1,015,124	\$ 613,742	\$ -	\$ 613,742	\$ -
Continuum of Care Program, Consolidated Access	CA0180L9T051912	14.267	02/01/2020 - 01/31/2021	1,015,124	418,991		418,991	
Continuum of Care Program, Families in Supportive Housing	CA1472L9T051702	14.267	10/01/2018 - 09/30/2019	992,422	310,310		310,310	
Continuum of Care Program, Families in Supportive Housing	CA1472L9T051803	14.267	10/01/2019 - 09/30/2020	1,041,924	723,326		723,326	
				<u>4,064,594</u>	<u>2,066,369</u>	-	<u>2,066,369</u>	-
Pass-through, Garden Park Apartments Community - Funds of Mercy Housing Inc.:								
Continuum of Care Program	CA0184L9T051609	14.267	01/01/2019 - 12/31/2019	219,466	120,259		120,259	
Continuum of Care Program	CA0180L9T051811	14.267	01/01/2020 - 12/31/2020	250,766	109,733		109,733	
				<u>470,232</u>	<u>229,992</u>	-	<u>229,992</u>	-
Pass-through, Contra Costa County:								
Continuum of Care Program, Housing Navigation	25-077-3	14.267	10/01/2018 - 06/30/2020	1,250,764	1,188,614		1,188,614	
Sub-total Continuum of Care				<u>5,785,590</u>	<u>3,484,975</u>	-	<u>3,484,975</u>	-
Pass-through, Contra Costa County:								
Housing Opportunities for Persons with Aids (HOPWA)	72-028-15	14.241	03/01/2019 - 06/30/2020	198,000	147,399		147,399	
Sub-total HOPWA				<u>198,000</u>	<u>147,399</u>	-	<u>147,399</u>	-
Total HUD				<u>5,983,590</u>	<u>3,632,374</u>	-	<u>3,632,374</u>	-
U.S. Department of Health and Human Service Agency ("DHHS"):								
Pass-through, Contra Costa County:								
Health Center Program Cluster:								
Grants for New and Expanded Services under the Health Center Program	74-399-12	93.527	07/01/2019 - 06/30/2020	295,662	287,234		287,234	
Community Services Block Grant	38-778-6	93.569	03/01/2020 - 02/28/2021	25,000	7,310		7,310	
Total DHHS				<u>320,662</u>	<u>294,544</u>	-	<u>294,544</u>	-
Total Federal Awards				<u>6,304,252</u>	<u>3,926,918</u>	-	<u>3,926,918</u>	-
Non-federal Awards								
MHSA (Mental Health Services Act Prevention and Early Intervention Services)	74-578-12		07/01/2019 - 06/30/2020	256,737		224,414	224,414	
MHSA Intern (Mental Health Services Act Workforce Education Training Services)	78-482-2		11/01/2018 - 10/31/2019	9,000		3,254	3,254	
MHSA Intern (Mental Health Services Act Workforce Education Training Services)	78-482-4		11/01/2019 - 10/31/2020	20,000		2,543	2,543	
FACT (Family & Children's Trust Committee Strengthening Vulnerable Families Program)	20-272-0		07/01/2019 - 06/30/2020	80,000		80,000	80,000	
Keller Canyon Mitigation Fund	1582		07/01/2019 - 06/30/2020	8,000		8,000	8,000	
CalWORKs / Housing WORKs	25-083		07/01/2019 - 06/30/2020	1,468,592		1,273,605	1,273,605	
Transition Aged Youth	25-084		01/01/2020 - 06/30/2021	500,000		127,389	127,389	
Healthright 360 - CoCo Lead	74-51		03/29/2019 - 06/30/2020	504,585		256,576	256,576	
RCD Lakeside	N/A		01/01/2019 - 12/31/2019	141,444		82,870	82,870	
RCD Lakeside	N/A		01/01/2020 - 12/31/2020	151,444		71,285	71,285	
RCD County Assistance	N/A		01/01/2019 - 12/31/2019	20,000		10,000	10,000	
RCD County Assistance	N/A		01/01/2020 - 12/31/2020	40,402		20,201	20,201	
Stand Family Just Center	N/A		07/01/2019 - 12/31/2019	90,000		99,311	99,311	
Stand Family Just Center	N/A		01/01/2020 - 12/31/2020	189,180		126,806	126,806	
Total Non-federal Awards				<u>3,479,384</u>	-	<u>2,386,254</u>	<u>2,386,254</u>	-
Total Federal and Non-federal Awards				<u>\$ 9,783,636</u>	<u>\$ 3,926,918</u>	<u>\$ 2,386,254</u>	<u>\$ 6,313,172</u>	<u>\$ -</u>

See independent auditors' report and notes to Schedule of Expenditures of Federal and Non-federal Awards.

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and Non-federal Awards (“the Schedule”) includes the federal award activity of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary (“Hope Solutions and Subsidiary”), under programs of the federal government for the year ended June 30, 2020. The Schedule is presented 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 Schedule presents only a selected portion of the operations of Hope Solutions and Subsidiary, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Hope Solutions and Subsidiary.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Hope Solutions and Subsidiary did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

3. Pass-through to Sub-recipients

Hope Solutions and Subsidiary did not provide any federal awards to sub-recipients.

4. Other Information

Hope Solutions and Subsidiary did not receive federal insurance, loans, or non-cash assistance during the year ended June 30, 2020 that is required to be reported on the Schedule of Expenditures of Federal and Non-federal Awards.

CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

Section I – Summary of Auditors’ Results

Consolidated Financial Statements:

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to consolidated financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance? No

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Housing and Urban Development:
Continuum of Care Program 14.267

Section II – Consolidated Financial Statements Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

Section IV – Summary Schedule of Prior Year Findings

No matters reported.



**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION**

JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Contra Costa Interfaith Housing, Inc.
dba: Hope Solutions
and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary (nonprofit organizations), which comprise the Statement of Financial Position as of June 30, 2020, and the related consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Supplementary Information on pages 19-20, is presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Contra Costa Interfaith Transitional Housing, Inc. dba: Contra Costa Interfaith Housing, Inc.'s (now known as dba Hope Solutions and Subsidiary) 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over financial reporting and on our tests of their 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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary'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 Contra Costa Interfaith Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over financial reporting and compliance.

Harrington Group

Oakland, California
March 29, 2021

CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

With comparative totals at June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Consolidated 2020	2019
ASSETS				
Cash and cash equivalents (Note 2)	\$ 239,982	\$ 329,879	\$ 569,861	\$ 283,726
Cash - MHSA housing reserve accounts		1,336,500	1,336,500	-
Total cash and cash equivalents	239,982	1,666,379	1,906,361	283,726
Accounts receivable	1,599,039		1,599,039	712,162
Pledges receivable (Note 4)		50,000	50,000	75,000
Prepaid expenses	122,710		122,710	114,234
Investments (Note 5)		16,477	16,477	15,223
Property and equipment (Note 7)	1,594,201		1,594,201	1,943
TOTAL ASSETS	\$ 3,555,932	\$ 1,732,856	\$ 5,288,788	\$ 1,202,288
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 118,638	\$ -	\$ 118,638	\$ 61,984
Accrued liabilities (Note 8)	478,003		478,003	470,191
Refundable government advances -				
Paycheck protection program (Note 10)	580,705		580,705	-
Notes payable (Note 11)	1,528,700		1,528,700	-
TOTAL LIABILITIES	2,706,046	-	2,706,046	532,175
NET ASSETS				
Without donor restrictions	849,886		849,886	576,512
With donor restrictions				
Purpose restrictions (Note 13)		1,725,756	1,725,756	86,501
Perpetual in nature (Note 14)		7,100	7,100	7,100
TOTAL NET ASSETS	849,886	1,732,856	2,582,742	670,113
TOTAL LIABILITIES AND NET ASSETS	\$ 3,555,932	\$ 1,732,856	\$ 5,288,788	\$ 1,202,288

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

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

With comparative totals for the year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Consolidated 2020</u>	<u>2019</u>
REVENUE AND SUPPORT				
Government contract revenue (Note 15)	\$ 5,161,189	\$ -	\$ 5,161,189	\$ 2,851,511
Service fees	1,184,275		1,184,275	605,796
Contributions	623,010	384,600	1,007,610	540,135
Special events - net of expenses of \$90,882	290,362		290,362	229,663
Scattered site adult rent income	191,988		191,988	175,508
Donated materials and services (Note 2)	52,000		52,000	32,000
MHSA rental income	15,069		15,069	-
Dividend income		1,489	1,489	385
Gain on investments		971	971	913
Interest income	9		9	724
Net assets released from restrictions (Note 13)	84,305	(84,305)	-	-
TOTAL REVENUE AND SUPPORT	<u>7,602,207</u>	<u>302,755</u>	<u>7,904,962</u>	<u>4,436,635</u>
EXPENSES				
Program services	6,804,743		6,804,743	3,999,490
Management and general	447,379		447,379	196,524
Fundraising	153,011		153,011	187,582
TOTAL EXPENSES	<u>7,405,133</u>	<u>-</u>	<u>7,405,133</u>	<u>4,383,596</u>
CHANGE IN NET ASSETS, BEFORE OTHER CHANGES	197,074	302,755	499,829	53,039
OTHER CHANGES				
Transfer of assets due to acquisition (Note 16)	76,300	1,336,500	1,412,800	-
CHANGE IN NET ASSETS	273,374	1,639,255	1,912,629	53,039
NET ASSETS, BEGINNING OF YEAR	<u>576,512</u>	<u>93,601</u>	<u>670,113</u>	<u>617,074</u>
NET ASSETS, END OF YEAR	<u>\$ 849,886</u>	<u>\$ 1,732,856</u>	<u>\$ 2,582,742</u>	<u>\$ 670,113</u>

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

CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

With comparative totals for the year ended June 30, 2019

	Program Services					Total Program Services	Management and General	Fundraising	Total Expenses	
	Site Based Program	Scattered Site Program	Housing Navigation Program	Housing Works	Other Programs				Consolidated 2020	2019
Salaries	\$ 616,274	\$ 654,983	\$ 423,917	\$ 370,851	\$ 509,174	\$ 2,575,199	\$ 347,438	\$ 118,805	\$ 3,041,442	\$ 2,047,642
Payroll taxes and employee benefits	110,756	117,627	76,130	66,600	91,442	462,555	62,315	21,336	546,206	368,483
Total personnel costs	727,030	772,610	500,047	437,451	600,616	3,037,754	409,753	140,141	3,587,648	2,416,125
Direct program - other	124,305	241,844	630,484	786,945	448,106	2,231,684			2,231,684	456,273
Scattered site adult master leasing		1,156,598				1,156,598			1,156,598	1,123,191
Rent	17,774	18,889	12,225	10,695	14,684	74,267	10,017	3,426	87,710	65,798
Miscellaneous	6,403	6,804	4,404	3,853	42,228	63,692	684	1,234	65,610	16,229
In-kind mental health services		52,000				52,000			52,000	32,000
Computer maintenance	10,458	11,114	7,193	6,293	8,640	43,698	5,893	2,016	51,607	26,845
Professional fees	6,614	7,029	4,549	3,980	5,464	27,636	3,730	1,275	32,641	112,587
Office expenses	5,154	5,477	3,545	3,101	4,258	21,535	5,828	994	28,357	29,326
Supplies	5,654	6,008	3,888	3,402	4,671	23,623	3,185	1,090	27,898	19,329
Depreciation	1,778	1,890	1,223	1,070	12,268	18,229	1,004	343	19,576	3,831
Insurance	3,908	4,153	2,688	2,351	3,228	16,328	2,202	753	19,283	15,471
Accounting	3,754	3,989	2,582	2,259	3,101	15,685	2,115	724	18,524	23,344
Printing and production	3,072	3,265	2,113	1,849	2,538	12,837	1,731	592	15,160	16,409
Telephone	1,118	1,188	769	672	923	4,670	630	215	5,515	17,596
Postage	1,079	1,146	742	649	891	4,507	607	208	5,322	5,732
Travel and meetings						-			-	3,510
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 918,101	\$ 2,294,004	\$ 1,176,452	\$ 1,264,570	\$ 1,151,616	\$ 6,804,743	\$ 447,379	\$ 153,011	\$ 7,405,133	
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 829,375	\$ 2,167,181	\$ 599,086	\$ -	\$ 403,848	\$ 3,999,490	\$ 196,524	\$ 187,582		\$ 4,383,596

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

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

With comparative totals for the year ended June 30, 2019

	Consolidated 2020	2019
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Change in net assets	\$ 1,912,629	\$ 53,039
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Transfer of restricted cash reserve accounts due to acquisition	(1,336,500)	-
Transfer of assets due to acquisition	(76,500)	-
Depreciation	19,576	3,831
Dividends reinvested	(283)	(333)
(Gain) on investment	(971)	(913)
(Increase) decrease in operating assets:		
Accounts receivable	(886,877)	(294,069)
Pledge receivable	25,000	(75,000)
Prepaid expenses	(8,476)	(15,782)
Increase (decrease) in operating liabilities:		
Accounts payable	56,654	23,634
Accrued liabilities	7,812	169,232
Refundable government advances - paycheck protection program	580,705	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	292,769	(136,361)
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Purchase of property and equipment	(6,834)	(1,943)
NET CASH (USED) BY INVESTING ACTIVITIES	(6,834)	(1,943)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	285,935	(138,304)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	283,726	422,030
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 569,661	\$ 283,726
SUPPLEMENTAL DISCLOSURES:		
Transfer of property due to acquisition	\$ 1,605,000	\$ -
Transfer of notes payable due to acquisition	\$ 1,528,500	\$ -

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

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Contra Costa Interfaith Transitional Housing, Inc. dba: Contra Costa Interfaith Housing, Inc. was organized under the laws of the State of California and incorporated in 1997 as a nonprofit corporation. During the fiscal year ended June 30, 2020, Contra Costa Interfaith Transitional Housing rebranded the organization and changed its dba to Hope Solutions.

The mission of Hope Solutions is to end homelessness by providing permanent, affordable housing and vital support services to homeless and at-risk families and individuals in Contra Costa County. To accomplish this, Hope Solutions collaborates with affordable housing developers, private landlords, and an array of community-based providers in order to prevent homelessness, help people who are homeless acquire and keep permanent housing, and offer support services that assist highly vulnerable people to regain health, stability, and the dignity of self-reliance. Adult services focus on mental and physical health, life skills, employment, parenting, and eviction prevention. Youth services focus on emotional health, education, social and life skill building, good citizenship and preparation of adulthood. All services are accessible on-site at apartment complexes or in consumer homes. Support services include eviction prevention, counseling, case management, mental health services for children and their families, afterschool academic homework clubs, parenting classes, employment workshops, community strengthening activities, preschool readiness, and brokerage of mainstream and community-based services and public benefits. Hope Solutions partners with dozens of agencies to avoid redundancy of care and meet the unique needs of each household.

Hope Solutions also partners with Contra Costa County's homeless and health services to provide Housing Advocacy for people living with HIV/AIDS and Housing Navigation services for those who are homeless and seeking permanent housing. Hope Solutions is one of the leading agencies in the Contra Costa continuum of homeless services and coordinated entry system. Hope Solutions offers an internship program for masters prepared social workers and marriage and family therapists seeking clinical hours in order to qualify for licensure. Hope Solutions' service team includes licensed mental health providers, case managers, educators, volunteers, property managers, and advocates who are highly skilled, culturally diverse and competent.

Hope Solutions opened its first program in December of 2004, serving 72 homeless people at one program. Since then, Hope Solutions has grown to serving more than 1,100 residents across multiple programs and locations throughout Contra Costa County.

During the fiscal year ended June 30, 2020, Hope Solutions was asked to provide services and maintain three permanent supportive housing homes that were owned by another organization confronting bankruptcy. Hope Solutions agreed to maintain the homes and was given funding through its Mental Health Services Act contract to provide for a property manager, maintenance and repairs, utilities, etc. Hope Solutions was also asked to consider purchasing the homes out of bankruptcy and continuing to provide services while maintaining the homes. The homes each had a mortgage with the California Housing Finance Authority (CHFA). Hope Solutions created Contra Costa Interfaith Housing MHSA Holding Company LLC ("MHSA, LLC"), of which Hope Solutions is the sole member, for the purpose of purchasing and owning the three homes. The purchase of the homes closed on February 19, 2020. The purchase was financed through assuming the existing mortgages with CHFA, and closing costs were reimbursed by the county through Hope Solutions' MHSA contract.

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization, continued

Generally accepted accounting principles provide guidance for the reporting and disclosure of financially interrelated organizations. Based upon the nature of the relationship between the Hope Solutions and Contra Costa Interfaith Housing MHSA Holding Company LLC, consolidated financial statements are presented. These organizations together will be collectively referred to as Hope Solutions and Subsidiary.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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

Cash and Cash Equivalents

Hope Solutions and Subsidiary have defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is deemed immaterial and accordingly not recorded as of June 30, 2020. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

Hope Solutions and Subsidiary values its investments at fair value. Unrealized gains or (losses) (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain on investments. Short term highly liquid money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Hope Solutions and Subsidiary are required to measure non-cash contributions and investments at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentration of Credit Risks

Hope Solutions and Subsidiary places their temporary cash investments with high credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Hope Solutions and Subsidiary have not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2020 consists of government contract receivables due from county granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Hope Solutions and Subsidiary's receivables consist of earned fees from contract programs granted by governmental agencies.

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2020, Hope Solutions and Subsidiary recorded in-kind contributions of \$52,000.

Income Taxes

Hope Solutions and Subsidiary are exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d).

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Hope Solutions and Subsidiary in their federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Hope Solutions and Subsidiary's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing Hope Solutions and Subsidiary's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Hope Solutions and Subsidiary uses salary to allocate indirect cost.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncement

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all generally accepted accounting principles revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. Hope Solutions and Subsidiary have implemented Topic 606 and have adjusted the presentation in these consolidated financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assist entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Hope Solutions and Subsidiary have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated statements under a modified prospective basis. Analysis of various provisions of these standards resulted in no significant changes in the way Hope Solutions and Subsidiary recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Hope Solutions' financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Reclassification

Certain amounts from the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2020 presentation.

3. Liquidity and Availability of Resources

Hope Solutions receives significant contributions, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Of the \$1,730,435 in restricted net assets, \$1,723,335 will be eligible for release from restriction in the coming fiscal year. Management closely monitors cash balances, and the Director of Finance prepares cash flow projections at least monthly. Hope Solutions has a \$500,000 line of credit that can be used to meet short-term cash flow needs, if necessary. In 2020, Hope Solutions did not access the line of credit and maintained a zero balance.

continued

CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources, continued

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Hope Solutions considers all planned and budgeted expenditures related to the ongoing activities of its programs, as well as management and general and fundraising activities.

As of June 30, 2020, the following information shows the total financial assets held by Hope Solutions and Subsidiary and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2020</u>
Cash and cash equivalents	\$ 1,906,361
Accounts receivable	<u>1,599,039</u>
Total liquid financial assets at year-end	3,505,400
Less: housing reserve accounts	<u>(1,336,500)</u>
Liquid financial assets available to meet expenditures within one year	<u>\$ 2,168,900</u>

4. Pledge Receivable

Pledge receivable is recorded as support when pledged unless designated otherwise. Management deems the pledge receivable to be collectible; accordingly, no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at June 30, 2020. The pledge receivable at June 30, 2020, of \$50,000 is expected to be collected within the year.

5. Investments

Investments at June 30, 2020 consist of the following:

Mutual funds	<u>\$16,477</u>
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continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Fair Value Measurements

The table below presents the balances of assets measures at fair value at June 30, 2020 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Balanced index fund	<u>\$16,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$16,477</u>

The fair value of balanced index funds has been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed services	<u>\$ -</u>	<u>\$52,000</u>	<u>\$ -</u>	<u>\$52,000</u>

The fair values of contributed services have been measured on a recurring basis using quoted prices in active or inactive markets for the same or similar assets (Level 2 inputs).

7. Property and Equipment

Property and equipment at June 30, 2020 consist of the following:

Building	\$ 971,923
Land	633,077
Furniture and equipment	58,281
Leasehold improvements	<u>11,218</u>
	1,674,499
Less: accumulated depreciation	<u>(80,298)</u>
	<u>\$1,594,201</u>

Depreciation expense for the year ended June 30, 2020 was \$19,576.

8. Accrued Liabilities

Accrued liabilities at June 30, 2020 consist of the following:

Accrued vacation	\$162,401
HUD scattered site support housing program landlord deposits	100,060
Other accrued liabilities	89,659
Other rental deposits	87,045
Accrued payroll related liabilities	<u>38,838</u>
	<u>\$478,003</u>

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Line of Credit

Hope Solutions has a revolving line of credit with Wells Fargo bank, in the amount of \$500,000, at a variable interest rate, due April 10, 2021. There was no outstanding balance on the line of credit at June 30, 2020.

10. Paycheck Protection Program

In April 2020, Hope Solutions received funding in the amount of \$580,705 under the Small Business Administration (SBA) Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides funding to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The funding is forgivable after a period of up to twenty-four weeks (“the covered period”) as long as the business uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full-time equivalency levels. The amount of forgiveness will be reduced if the business terminates employees or reduces salaries during the eight-week period.

Any unforgiven portion of the PPP funding is payable over two years at an interest rate of 1%, with a deferral period for loan payments of either (1) the date that SBA remits the borrower’s loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period. Hope Solutions intends to use the proceeds for purposes consistent with the PPP.

Hope Solutions has accounted for the funding as a refundable advance (conditional grant) under FASB ASC 958-605. Upon substantially meeting the conditions of the grant, Hope Solutions will recognize the earned (forgivable) amount of the funding (see Note 17).

11. Notes Payable

Notes payable at June 30, 2020 consists of the following:

Note payable to a CHFA, secured by real property, no monthly payments, interest at 3.00%, due June 2035.	\$ 675,700
Note payable to a CHFA, secured by real property, no monthly payments, interest at 3.00%, due March 2034.	485,000
Note payable to a CHFA, secured by real property, no monthly payments, interest at 3.00%, due February 2032.	<u>368,000</u>
	<u>\$1,528,700</u>

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Notes Payable, continued

Maturities for notes payable are as follows:

<u>Year ending June 30,</u>	
2021	\$ -
2022	-
2023	-
2024	-
2025	-
Thereafter	<u>1,528,700</u>
	<u>\$1,528,700</u>

12. Commitments and Contingencies

Contracts

Hope Solutions and Subsidiary’s grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Hope Solutions and Subsidiary have no provisions for the possible disallowance of program costs on its financial statements.

Impact of COVID-19 Virus

The novel strain of coronavirus (“COVID-19”) outbreak in the United States has impacted the way Hope Solutions and Subsidiary has been able to carry out its mission and continue to provide services required by our various contracts. In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious virus, which has continued to spread, has adversely affected workforces, customers, economies and financial markets globally as well as the market in which Hope Solutions and Subsidiary operate. It has also disrupted the normal operations of many businesses and nonprofits.

In response to this outbreak, Hope Solutions and Subsidiary’s county health department mandated the closure of non-essential businesses. Hope Solutions, as a social services organization, was deemed an essential business and thus Hope Solutions and Subsidiary were permitted to remain open, albeit with a skeleton office crew, performing most of their operations remotely. Hope Solutions and Subsidiary pivoted quickly to the virtual work environment and continued to meet or exceed program benchmarks and goals in terms of hours, types, and effectiveness of services.

The full extent to which the COVID-19 outbreak will impact Hope Solutions and Subsidiary’s ability to provide its services in future years will be dependent upon COVID-19’s impact on the federal, state and local government’s ability to maintain the organizations’ program contracts at current levels. Any long-term, financial impact of the COVID-19 virus on Hope Solutions and Subsidiary cannot be foreseen at this time and is not reflected in these financial statements.

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 consist of the following:

MHSA housing restricted reserve accounts	\$1,336,500
Capital purchases	375,000
Donor restricted endowment earnings (Note 14)	10,583
Furnishings	2,308
Scholarships	978
Beds	227
Gas cards	<u>160</u>
	<u>\$1,725,756</u>

For the year ended June 30, 2020, net assets released from restrictions were \$84,305, of which \$75,000 was for time restrictions and \$9,305 was for program restrictions.

14. Endowment Funds

Net assets with donor restrictions that are perpetual in nature represent contributions which the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends therefrom may be expended for purposes without any restrictions. At June 30, 2020, net assets with donor restrictions that are perpetual in nature were \$7,100.

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization and also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds).

Hope Solutions classifies as net assets with donor restrictions that are perpetual in nature, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not classified in perpetual in nature is classified as net assets with donor restrictions that are purpose restricted until those amounts are appropriated for expenditure by Hope Solutions and Subsidiary.

Investment Objectives, Asset Allocation, and the Disbursement Policy

The fund will be invested by the Finance Committee in accordance with overall investment policy of Hope Solutions. The Board of Directors of Hope Solutions will control the Endowment Fund. Recommendation for expenditures will originate with the Program Committee and will require approval of the Board.

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Endowment Funds, continued

Endowment net assets composition by type of fund as of June 30, 2020:

Donor-restricted endowment funds:

Original donor-restricted gift amount - perpetual in nature	\$ 7,100
Accumulated investment income (included in net assets with donor donor restrictions as available upon appropriation)	<u>10,583</u>
	<u>\$17,683</u>

Changes in endowment net assets for the year ended June 30, 2020:

Endowment net assets, beginning of year	\$15,223
Net appreciation	971
Dividend income	<u>1,489</u>
Endowment net assets, end of year	<u>\$17,683</u>

15. Government Contracts

Government contracts for the year ended June 30, 2020 consist of the following:

Housing Works Program	\$1,273,605
U.S. Housing and Urban Development – FISH	1,033,636
U.S. Housing and Urban Development – Consolidated Access	1,032,733
Housing Navigation Coordinated Entry	1,029,378
MHSA: Mental Health Services Act Prevention & Early Intervention Services	224,414
Probation Navigation	147,987
HIV/AIDS Case Management	147,399
Transition Age Youth	127,389
Family & Children’s Trust Committee Strengthening Vulnerable Families Program	80,000
MHSA Government Grant	32,293
Lakeside - Housing Navigation	11,249
Keller Canyon Mitigation Fund	8,000
Community Action Projects (Community Services Block Grant)	7,310
Mental Health Services Act Workforce Education Training Services	<u>5,796</u>
	<u>\$5,161,189</u>

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Transfer of Assets Due to Acquisition

On February 19, 2020, Hope Solutions, via MHSA, LLC, of which it is the sole member, acquired certain assets and assumed certain liabilities related to the permanent supportive housing program of Anka Behavioral Health (“Anka”). The acquisition involved the purchase of three supportive housing homes and their related debt.

The following assets and liabilities were transferred from Anka to MHSA, LLC:

MHSA housing reserve cash accounts	\$ 1,336,500
Building and land	1,605,000
Notes payable	<u>(1,528,700)</u>
Net transfer of assets due to acquisition	<u>\$ 1,412,800</u>

17. Subsequent Events

On January 6, 2021, Hope Solutions received notification from the SBA, PPP loan service informing them that their PPP loan forgiveness application was approved. The following is a reconciliation of the PPP funding activity and amounts forgiven as January 30, 2021:

Paycheck Protection Program funding received	\$580,705
Accrued interest calculated by SBA through January 2021 (at 1%)	<u>4,121</u>
Total amount forgiven	<u>\$584,826</u>

Management has evaluated subsequent events through March 29, 2021, the date which the consolidated financial statements were available for issue. Except as disclosed above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY**

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2020

	Hope Solutions			CCIH MHSA Holding Company, LLC		Total	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions			
ASSETS								
Cash and cash equivalents (Note 2)	\$ 239,982	\$ 329,879	\$ 569,861	\$ -	\$ -	\$ -	\$ -	\$ 569,861
Cash - MHSA housing reserve accounts					1,336,500			1,336,500
Total cash	239,982	329,879	569,861	-	1,336,500	-	-	1,906,361
Accounts receivable	1,582,017		1,582,017	17,022				1,599,039
Pledge receivable (Note 4)		50,000	50,000					50,000
Prepaid expenses	122,710		122,710					122,710
Investments (Note 5)		16,477	16,477					16,477
Property and equipment (Note 7)			-	1,594,201				1,594,201
TOTAL ASSETS	\$ 1,944,709	\$ 396,356	\$ 2,341,065	\$ 1,611,223	\$ 1,336,500	\$ -	\$ -	\$ 5,288,788
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable	\$ 118,638	\$ -	\$ 118,638	\$ -	\$ -	\$ -	\$ -	\$ 118,638
Accrued liabilities (Note 8)	471,403		471,403	6,600				478,003
Refundable government advances - Paycheck protection program (Note 10)	580,705		580,705					580,705
Notes payable (Note 11)			-	1,528,700				1,528,700
TOTAL LIABILITIES	1,170,746	-	1,170,746	1,535,300	-	-	-	2,706,046
NET ASSETS								
Without donor restrictions	773,763		773,763	76,123				849,886
With donor restrictions								
Purpose restrictions (Note 13)		389,256	389,256		1,336,500			1,725,756
Perpetual in nature (Note 14)		7,100	7,100					7,100
TOTAL NET ASSETS	773,763	396,356	1,170,119	76,123	1,336,500	-	-	2,582,742
TOTAL LIABILITIES AND NET ASSETS	\$ 1,944,509	\$ 396,356	\$ 2,340,865	\$ 1,611,423	\$ 1,336,500	\$ -	\$ -	\$ 5,288,788

See independent auditors' report

CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.
DBA: HOPE SOLUTIONS
AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the year ended June 30, 2020

	Hope Solutions			CCIH MHSA Holding Company, LLC			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
REVENUE AND SUPPORT								
Government contract revenue (Note 15)	\$ 5,128,896	\$ -	\$ 5,128,896	\$ 32,293	\$ -	\$ 32,293	\$ -	\$ 5,161,189
Service fees	1,184,275		1,184,275			-		1,184,275
Contributions	623,010	384,600	1,007,610			-		1,007,610
Special events - net of expenses of \$90,882	290,362		290,362			-		290,362
Scattered site adult rent income	191,988		191,988			-		191,988
Donated materials and services	52,000		52,000			-		52,000
MHSA housing rental income			-	15,069		15,069		15,069
Dividend income		1,489	1,489			-		1,489
Gain on investments		971	971			-		971
Interest income	9		9			-		9
Net asset released from restrictions (Note 13)	84,305	(84,305)	-			-		-
TOTAL REVENUE AND SUPPORT	<u>7,554,845</u>	<u>302,755</u>	<u>7,857,600</u>	<u>47,362</u>	<u>-</u>	<u>47,362</u>	<u>-</u>	<u>7,904,962</u>
EXPENSES								
Program services	6,804,743		6,804,743			-		6,804,743
Management and general	399,640		399,640	47,739		47,739		447,379
Fundraising	153,011		153,011			-		153,011
TOTAL EXPENSES	<u>7,357,394</u>	<u>-</u>	<u>7,357,394</u>	<u>47,739</u>		<u>47,739</u>	<u>-</u>	<u>7,405,133</u>
CHANGE IN NET ASSETS, BEFORE OTHER CHANGES	197,451	302,755	500,206	(377)		(377)		499,829
OTHER CHANGES								
Transfer of assets due to acquisition (Note 16)			-	76,300	1,336,500	1,412,800		1,412,800
CHANGE IN NET ASSETS	197,451	302,755	500,206	75,923	1,336,500	1,412,423	-	1,912,629
NET ASSETS, BEGINNING OF YEAR	<u>576,512</u>	<u>93,601</u>	<u>670,113</u>			<u>-</u>		<u>670,113</u>
NET ASSETS, END OF YEAR	<u>\$ 773,963</u>	<u>\$ 396,356</u>	<u>\$ 1,170,319</u>	<u>\$ 75,923</u>	<u>\$ 1,336,500</u>	<u>\$ 1,412,423</u>	<u>\$ -</u>	<u>\$ 2,582,742</u>

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