

Tenderloin Housing Clinic, Inc.

Financial Statements

June 30, 2021

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7
Supplemental Information	
Schedule of Expenditures of Federal Awards.....	22
Notes to Schedule of Expenditures of Federal Awards.....	23
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 <i>Government Auditing Standards</i>	24
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	26
Schedule of Findings and Questioned Costs	28



INDEPENDENT AUDITORS' REPORT

Board of Directors
Tenderloin Housing Clinic, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tenderloin Housing Clinic, Inc., a non-profit organization, (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its 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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 November 23, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

BAKER TILLY US, LLP

San Francisco, California
November 23, 2021

TENDERLOIN HOUSING CLINIC, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 7,201,696
Cash held for clients	5,389,425
Cash - tenant security deposits	41,858
Contracts and grants receivable	3,937,565
Pledges receivable - current portion - net	1,438,000
Other receivables	177,386
Prepaid expenses and other current assets	<u>754,255</u>

Total current assets 18,940,185

Property and Equipment - net

7,382,096

Other Assets

Pledges receivable - long term portion - net	1,715,666
Deposits	<u>258,139</u>

Total assets \$ 28,296,086

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 1,327,936
Accrued payroll and payroll taxes	1,228,686
Accrued vacation	586,396
Other accrued liabilities	177,144
Tenant security deposits	41,187
Cash held for clients	<u>5,389,425</u>

Total current liabilities 8,750,774

Long-term Liabilities

Deferred rent	311,731
Forgivable loan	<u>317,100</u>

Total liabilities 9,379,605

Net Assets

Without donor restrictions	15,355,209
With donor restrictions	<u>3,561,272</u>

Total net assets 18,916,481

Total liabilities and net assets \$ 28,296,086

TENDERLOIN HOUSING CLINIC, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

SUPPORT AND REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Government contracts and grants			
SRO Housing Program - Department of Homelessness & Supportive Housing (HSH)	\$ 36,378,489	\$ -	\$ 36,378,489
Continuum of Care - (COC), funded by Department of Housing and Urban Development (HUD)	3,809,729	-	3,809,729
New Horizons - Adult Probation Department (APD)	2,658,713	-	2,658,713
Assistance for Ellis Act Evictions - Mayor's Office of Housing and Community Development (MOHCD)	1,522,500	-	1,522,500
Modified Payment Program - HSH	694,851	-	694,851
Veterans Affairs Supportive Housing (VASH)	331,302	-	331,302
Central City SRO Collaborative - Department of Building Inspection (DBI)	410,431	-	410,431
La Voz Latina - MOHCD	320,353	-	320,353
Code Enforcement and Outreach Program - DBI	282,107	-	282,107
Other governments and contracts	70,622	-	70,622
Total government contracts and grants	46,479,097	-	46,479,097
Other support			
Donations	155,056	185,812	340,868
Total support	46,634,153	185,812	46,819,965
REVENUE			
Hotel rental income	8,130,502	-	8,130,502
Attorney fees	359,885	-	359,885
Galvin Apartments rental income	386,018	-	386,018
Other rental and miscellaneous income	129,872	-	129,872
Loan forgiveness	387,849	-	387,849
Reimbursed legal costs	131,288	-	131,288
Investment income	520	-	520
Total revenue	9,525,934	-	9,525,934
Net assets released from restrictions	1,405,796	(1,405,796)	-
Total support and revenue	57,565,883	(1,219,984)	56,345,899
EXPENSES			
Program services	54,003,399	-	54,003,399
Management and general	3,346,918	-	3,346,918
Total expenses	57,350,317	-	57,350,317
CHANGE IN NET ASSETS	215,566	(1,219,984)	(1,004,418)
NET ASSETS - beginning of year	15,139,643	4,781,256	19,920,899
NET ASSETS - end of year	<u>\$ 15,355,209</u>	<u>\$ 3,561,272</u>	<u>\$ 18,916,481</u>

TENDERLOIN HOUSING CLINIC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	SRO Housing	Transitional Housing	Legal Assistance	Community Organizing and Outreach	Housing Service	Galvin Apartments	Total Program Services	Management and General	Total
Salaries and related costs	\$ 19,772,368	\$ 1,125,668	\$ 1,421,074	\$ 676,326	\$ 1,046,991	\$ 111,102	\$ 24,153,529	\$ 1,649,851	\$ 25,803,380
Hotel leases	17,290,330	651,091	-	-	-	-	17,941,421	-	17,941,421
Utilities	3,193,289	90,000	22,688	45,269	22,326	139,129	3,512,701	156,617	3,669,318
Repairs and maintenance	3,153,806	75,028	9,018	7,312	7,799	94,620	3,347,583	117,799	3,465,382
Office	820,338	13,285	54,343	38,765	22,773	56,472	1,005,976	280,452	1,286,428
Rent	121,926	627,176	32,499	65,604	45,862	-	893,067	31,795	924,862
Subsidy payments	771,146	21,112	-	56,475	16,240	-	864,973	-	864,973
Insurance	583,956	31,094	6,891	23,537	915	28,305	674,698	51,892	726,590
Legal and accounting	534,048	-	-	-	-	165	534,213	105,317	639,530
Depreciation and amortization	-	-	-	-	-	128,091	128,091	503,926	632,017
Subcontracts, contractors and outside consultants	209,974	-	47,057	-	6,156	-	263,187	240,865	504,052
Community engagement	78,067	8,911	-	43,377	-	996	131,351	110,000	241,351
Staff development and other costs	56,336	375	50,829	16,811	2,654	32	127,037	86,194	213,231
Litigation expenses	-	-	211,208	-	-	91	211,299	-	211,299
Elevator maintenance	137,500	7,316	-	-	-	9,855	154,671	-	154,671
Bank and finance charges	14,302	-	69	-	41,844	-	56,215	3,052	59,267
Taxes	-	-	-	-	-	3,387	3,387	9,158	12,545
Total expenses	\$ 46,737,386	\$ 2,651,056	\$ 1,855,676	\$ 973,476	\$ 1,213,560	\$ 572,245	\$ 54,003,399	\$ 3,346,918	\$ 57,350,317

TENDERLOIN HOUSING CLINIC, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,004,418)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	632,017
Loan forgiveness	(387,849)
Loss on disposal of assets	91,986
Changes in operating assets and liabilities:	
Contracts and grants receivable	1,697,180
Pledges receivable	1,240,442
Other receivables	(52,862)
Prepaid expenses	191,513
Deposits	(39,821)
Accounts payable	424,372
Accrued payroll and payroll taxes	69,976
Accrued vacation	3,652
Other accrued liabilities	(511,898)
Tenant security deposits	37,623
Cash held for clients	997,948
Deferred rent	311,731
Net cash provided by operating activities	<u>3,701,592</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment and improvements	<u>(203,212)</u>
Net cash used in investing activities	<u>(203,212)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH 3,498,380

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - beginning of year 9,134,599

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - end of year \$ 12,632,979

Reconciliation of totals in the statement of cash flows to related captions in the statement of financial position:

Cash and cash equivalents	\$ 7,201,696
Cash held for clients	5,389,425
Cash - Tenant security deposits	41,858
Ending cash, cash equivalents, and restricted cash	<u><u>\$ 12,632,979</u></u>

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. DESCRIPTION OF ORGANIZATION

Tenderloin Housing Clinic, Inc. (the "Organization") was incorporated on June 3, 1980, as a California nonprofit corporation. The Organization's primary purposes are to preserve, expand and stabilize low-income housing in the Tenderloin and surrounding communities of San Francisco, California, assist tenants to assert their legal rights, provide culturally competent support services, and create employment and leadership opportunities for formerly homeless tenants.

On January 1, 2004, the Clinic merged with City Housing, Inc. (CHI), the exclusive agent that operated and managed all the hotels now master-leased by the Organization. The Organization assumed all the assets and liabilities of CHI and was the surviving corporation.

All the Organization's properties are in San Francisco, California and its principal activities are as follows:

Single Room Occupancy (SRO) Housing: This program provides supportive housing to homeless tenants through master lease agreements with residential hotels in San Francisco, California since May 1, 1999. The Organization provides comprehensive property management services for twenty master-leased SRO hotels and the Bristol Hotel. The Organization's property management department manages tenants' leases and compliance with hotel leases and ensures the sanitation, safety, upkeep and code compliance of the hotels. The Organization offers voluntary comprehensive support services to tenants residing in these hotels. The support services offered by the Organization help residents maintain housing, enrich their self-respect, confidence and awareness, improve quality of life, minimize and/or resolve issues that may jeopardize their housing, build a strong sense of community and access information about other helpful services. The SRO hotels' operating expenses, including lease payments, are funded by a combination of rent collections and service contracts with HSH, COC, and VASH. Operations at the Bristol Hotel are funded by rent collections and a multiple year donation from a generous donor.

Transitional Housing: This program includes the New Roads Subsidy Program (New Roads), New Horizons Transitional Housing Program (New Horizons), and Drug Court Program. Funding for this program is from contracts with the Adult Probation Department and Superior Court of California of the City and County of San Francisco. New Roads provides rental subsidies, financial assistance and/or supportive services to homeless individuals on probation in order to obtain and retain permanent housing. New Horizons provides up to 12 months of clean and sober transitional housing and housing planning assistance to individuals on probation at a master-leased SRO hotel. The Drug Court Program provides short-term stabilization housing and housing planning assistance to San Francisco Superior Court clients.

Legal Assistance: This program provides assistance and/or legal representation to long-term, senior, low-income and/or disabled tenants in San Francisco facing eviction from Ellis Act and Owner Move-In actions by landlords, as well as to tenants facing eviction in San Francisco under the Tenants Right to Counsel legislation. Funding for this program comes from a MOHCD contract and court-awarded legal fees associated with settled lawsuits. The program is primarily non-litigation representation (where no fees of any kind are charged or collected), with some nonrevenue and revenue generating litigation. The MOHCD contract funds the majority of this program. Most of the revenue generating cases are on a contingency fee basis.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. DESCRIPTION OF ORGANIZATION (continued)

Community Organizing and Outreach: This program includes the Central City SRO Collaborative (Collaborative), Code Enforcement Outreach Program (CEOP), La Voz Latina de la Ciudad Central (La Voz), and Residential Rent Stabilization & Arbitration Board Outreach (Rent Board). Funding for this program is from contracts and grants with the following City and County of San Francisco agencies: DBI, MOHCD, and the San Francisco Rent Board. The Collaborative, CEOP and Rent Board programs provide community outreach, counseling and tenant organizing to SRO and low-income residents of San Francisco. The Collaborative operates a tenant representative program at various SRO hotels to enhance stability in the hotels and address residential community concerns. Tenant representatives, with the help of the Organization's community organizers, conduct regular meetings and respond to tenant concerns. La Voz engages and educates Latino and immigrant families living in the Tenderloin community of San Francisco.

Housing Service: This program provides housing, rental and payment assistance where the Organization acts as a disbursing agent. Comprehensive case management is also offered to adult clients under HSH and the COC funding. These services target to low-income individuals, low-income families and homeless individuals who may be mentally ill, have chronic substance abuse problems, and/or be afflicted with disabling HIV, AIDS or related disorders.

Galvin Apartments: The Organization owns and manages a studio apartment building named in honor of Sister Bernie Galvin of Religious Witness with Homeless People (refer to Note 12).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Organization's significant accounting policies:

Basis of Accounting

The Organization maintains its records using the accrual method of accounting in accordance with generally accepted accounting principles ("GAAP").

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed stipulations.

With donor restrictions

Net assets received with donor stipulations that limit the use of the assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Restricted Cash

The Organization has defined cash and cash equivalents as petty cash, cash in bank and money market accounts. Restricted cash consists of cash held for clients and tenant security deposits.

Property and Equipment

Property and equipment purchase costs in excess of \$5,000, with estimated useful lives in excess of one year, are capitalized at cost. Donated assets are capitalized at the fair market value on the date of receipt. Depreciation is computed on the straight-line method using estimated useful lives varying between three and forty years.

Leasehold improvements, in excess of \$5,000, are recorded at cost and are amortized using the straight-line method over the estimated useful lives of the respective assets, ranging from three to seven years, but not more than the remaining term of the respective lease.

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Revenue Recognition

Revenue recognition from attorney fees is evaluated under Accounting Standards Codification (“ASC”) 606 through the following five steps: (i) identification of the contract or contracts with customers; (ii) identification of the performance obligation in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

The Organization enters into contracts with clients that are contingent upon the outcome of cases. The contract is rendered effective once the court awards the attorney fee revenue, and collectability of the amount is assured. Services are often performed on behalf of the client prior to the existence of the contract, and in such cases the revenue is recognized on a cumulative catch-up basis at the effective date of the contract. Performance obligations in the contracts consist of legal services provided to the clients.

Hotel rental income is reported each month net of any vacancy loss in accordance with FASB ASC 840, *Leases*.

Government grants revenue and contributions revenue are evaluated under Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), and are accounted for as nonreciprocal transactions. Unconditional contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Conditional contributions and grants are recognized only when the conditions they depend on are substantially met and contributions become unconditional.

Management reviews the collectability of contributions and pledges receivable and establishes reserves for uncollectible amounts when needed.

Functional Allocation of Expenses

Expenses are charged to programs and management and general services on the basis of periodic time and expense studies in addition to estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but which provide for the overall support and direction of the Organization.

Litigation Expenses

Litigation expenses such as court costs, filing fees and courier charges are expensed when incurred because those expenses may not be recoverable.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from paying federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for such taxes in the accompanying financial statements.

Each year, management considers whether any material tax position the Organization has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Organization has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards

During September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is currently assessing the effect that ASU 2020-07 will have on its financial statements.

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842) (“ASU 2016-02”) for lease accounting to increase transparency and comparability among companies by requiring the recognition of lease assets and lease liabilities by lessees. The new standard will be effective for the Organization for the year ending June 30, 2023, and early adoption is permitted. The Organization is currently evaluating the timing of its adoption and the impact on its financial statements.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through November 23, 2021, which represents the date the financial statements were available to be issued.

3. NEW ACCOUNTING PRONOUNCEMENT

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance in U.S. GAAP and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. ASU 2014-09 and its amendments were included primarily in ASC 606.

The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Revenue is recognized when control of the promised goods or services is transferred to customers. ASC 606 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments used (refer to Note 2). The Organization adopted ASC 606 effective July 1, 2020, using the modified retrospective method applied to all customer contracts that were not complete at the date of initial application. The adoption of ASC 606 did not have a material effect on the Organization’s financial position or results of operations and there was no cumulative effect adjustment to the opening balance of net assets as of July 1, 2020 as a result of ASC 606 implementation.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a goal to maintain financial assets to meet sixty days of normal operating expense, which is on average approximately \$9.2 million. As part of its liquidity management, the Organization keeps cash in excess of daily requirements in checking accounts at various banking institutions.

Financial assets available for general expenditure without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise of the following:

Financial assets (current) at June 30, 2021:	
Cash and cash equivalents	\$ 7,201,696
Contracts and grants receivable	3,937,565
Pledges receivable - current portion - net	1,438,000
Other receivables	<u>177,386</u>
Total financial assets (current)	12,754,647
Donor restricted assets not expected to be used within one year	<u>(1,715,666)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 11,038,981</u>

5. PLEDGES RECEIVABLE

Unconditional promises to give at June 30, 2021, consist of the following:

	Current (due within 1 year)	Due in 2 to 5 Years	Total
With donor restrictions:			
Pledges receivable	\$ 1,438,000	\$ 1,866,000	\$ 3,304,000
Discount to net present value	<u>-</u>	<u>(150,334)</u>	<u>(150,334)</u>
	<u>\$ 1,438,000</u>	<u>\$ 1,715,666</u>	<u>\$ 3,153,666</u>

Pledges receivable are stated at their net present values. Management has discounted these promises to give to the anticipated net present value of the future cash flows using a discounted rate of 2.83% determined at the time of the pledge. The present value discount will be recognized in income as a contribution over the period from the date the promise is made to the date of collection.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

6. CASH HELD FOR CLIENTS

Under the Housing Service program, the Organization acts as an agent for its clients in receiving checks and disbursing money for rent and other expenditures on their behalf. The Organization does this as part of the cash management services provided by the Housing Service Program. All client funds are segregated and held separate from the Organization's funds. The Organization bears all expenses incurred to maintain any agency bank accounts. At June 30, 2021 the bank balance for these funds was \$1,076,577.

Under the Legal Assistance Program, the Organization maintains client trust bank accounts. During legal proceedings, clients often remit rents and landlords remit stipulated payments, which are deposited into the client trust bank account. The Organization pays rents and stipulated payments to parties based on the terms of the settlement agreement of the respective lawsuit. At June 30, 2021, the trust account balance was \$4,312,848.

7. CONTRACTS RECEIVABLE

At June 30, 2021, contracts receivable consist of the following:

HSH	\$ 3,167,160
APD	413,311
MOHCD	244,257
DBI	93,757
Tipping Point	<u>19,080</u>
	<u>\$ 3,937,565</u>

8. INVESTMENT IN LIMITED LIABILITY COMPANY

The Organization invested \$100,000 in a limited liability company (the "LLC") representing a 2% interest in the LLC that operates a restaurant located in the Tenderloin neighborhood of San Francisco. That investment was evaluated for impairment because the financial information of the LLC disclosed recurring losses, negative equity of over \$1 million, and negative working capital of over \$1.6 million as of June 30, 2018. As a result of that evaluation, the Organization identified an impairment loss of \$100,000, and the investment was written down to zero value in 2018. As of June 30, 2021, the LLC has continued to experience losses.

The Organization also has a one-year \$25,000 note receivable from the LLC. The note had a maturity date of February 2017, with interest at 3.25% per annum. No payments of principal or interest were received during the year ended June 30, 2021. Subsequent to the maturity date, the board of directors agreed to treat the note as due on demand, with the same interest rate. Due to the deterioration of the financial condition of the LLC, the Organization has fully reserved the note in the amount of \$25,000.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

9. PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment consists of the following:

Land	\$ 1,614,975
Buildings	6,023,525
Leasehold improvements	2,273,565
Developed software	117,988
Office furniture and equipment	358,436
Vehicles	31,127
	<u>10,419,616</u>
Less: accumulated depreciation and amortization	<u>(3,140,889)</u>
	7,278,727
Construction in progress	103,369
	<u><u>\$ 7,382,096</u></u>

Depreciation and amortization for the year ended June 30, 2021 was \$632,017.

10. COMMITMENTS AND CONCENTRATIONS

Commitments

The Organization has a five-year lease for office space on Ellis Street expiring in December 2020, with ten one-year renewal options. The Organization exercised the first option period in January 2021. The initial monthly rent was \$1,500, increasing each year as provided for in the lease agreement. Rent expense for the year ended June 30, 2021 was \$20,563.

The Organization has a lease for office space on Turk Street, which is renewable on an annual basis up to 2026. The starting monthly rent was \$1,150 with an annual minimum increase of 2% but not to exceed 6%. Rent expense for the year ended June 30, 2021 was \$19,755.

In March 2006, the Organization entered into a five-year lease for a second office space on Turk Street, with two five-year renewal options, renewed in 2011 and 2016, and expiring in March 2022. The initial monthly rent was \$2,775 with annual increases of 4%. Rent expense for the year ended June 30, 2021 was \$57,326.

In May 2017, the Organization entered into a five-year lease for a fourth office space on Turk Street, with a five-year renewal option. The initial monthly rent was \$3,750, increasing each year based upon the lease agreement. Rent expense for the year ended June 30, 2021 was \$49,420.

The Organization leases an office on Jones Street, which is renewed on an annual basis. Rent expense for the year ended June 30, 2021 was \$38,217.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

10. COMMITMENTS AND CONCENTRATIONS (continued)

Commitments (continued)

In September 2019, the Organization entered into a five-year lease for a second office space on Ellis Street, with two five-year renewal options. The initial monthly rent is \$3,100, increasing each year as provided for in the lease agreement. Rent expense for the year ended June 30, 2021 was \$38,130.

In January 2019, the Organization entered into a one-year lease agreement to occupy up to twenty-seven guestrooms at an SRO hotel on 6th Street, with two one-year renewal options. Monthly rent was \$1,000 per unit through December 2018, increasing to \$1,100 per unit beginning January 2019 and total rent expense for the year ended June 30, 2021 was \$369,323.

In November 2020, the Organization entered into a three month lease agreement to occupy up to fifteen guestrooms at an SRO hotel on 6th Street, with two one-year renewal options. Monthly rent was \$1,000 per unit and total rent expense for the year ended June 30, 2021 was \$105,000.

The Organization also has various office equipment leases with expirations through March 2024. Equipment lease expense for the year ended June 30, 2021 was \$69,294.

At June 30, 2021, minimum lease commitments under noncancelable leases are as follows:

<u>Year Ending June 30,</u>	<u>Equipment</u>	<u>Property</u>	<u>Total</u>
2022	\$ 66,232	\$ 206,011	\$ 272,243
2023	58,212	72,759	130,971
2024	53,361	74,780	128,141
2025	-	40,920	40,920
	<u>\$ 177,805</u>	<u>\$ 394,470</u>	<u>\$ 572,275</u>

**TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

10. COMMITMENTS AND CONCENTRATIONS (continued)

Commitments (continued)

The Organization leases residential hotels from outside parties to provide housing to low-income and homeless people. These leases have an initial one-year term and consecutive one-year renewal terms at the Organization's option. The leases have different termination dates, depending upon the inception and length of the agreement.

At June 30, 2021, the master leases are as follows:

<u>Name of Hotel</u>	<u>Commencement Date</u>	<u>Number of Units</u>	<u>Term (Including options to extend)</u>
Seneca Hotel	May 1, 2020	204	5 years
Mission Hotel	October 1, 2020	248	5 years
Jefferson Hotel	June 15, 2020	111	5 years
Vincent Hotel	June 15, 2020	103	5 years
Hartland Hotel	September 1, 2020	137	5 years
Royan Hotel	May 20, 2003	69	20 years
Caldrake Hotel	October 1, 2003	49	20 years
Allstar Hotel	August 1, 2004	87	20 years
Pierre Hotel	September 16, 2004	86	20 years
Raman Hotel	September 9, 2005	85	20 years
Boyd Hotel	February 13, 2006	82	20 years
Elk Hotel	August 1, 2006	88	20 years
Mayfair Hotel	July 1, 2010	78	20 years
Edgeworth Hotel	June 1, 2013	46	20 years
Baldwin Hotel	September 1, 2015	186	15 years
Drake Hotel	October 1, 2015	60	15 years
Union Hotel	February 1, 2016	60	15 years
Graystone Hotel	February 1, 2016	73	15 years
Crown Hotel	November 1, 2016	50	20 years
Winton Hotel	November 16, 2016	108	15 years
National Hotel	April 12, 2017	91	20 years
Bristol Hotel	August 13, 2019	58	20 years

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

10. COMMITMENTS AND CONCENTRATIONS (continued)

Residential Hotels (continued)

Subsequent to the expiration of the term, the lease for the Mission Hotel continued on a monthly basis.

The Organization intends to opt into all extension options of all residential hotel leases in effect as of June 30, 2021. Future rental payments including the extension option portion of these leases are as follows:

<u>Year ending June 30,</u>	
2022	\$ 13,789,034
2023	13,986,901
2024	13,684,154
2025	12,887,111
2026	9,417,334
Thereafter	<u>54,494,018</u>
	<u>\$ 118,258,552</u>

Concentrations

The Organization receives a substantial amount of its support from federal and local government agencies. A single agency accounts for 66% of total revenue and accounts for 77% of total receivables. A significant reduction in the level of this support could have a material adverse effect on the Organization's programs and activities.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

11. FORGIVABLE LOANS

Hartland Hotel CDBG Loan

The Organization entered into a loan agreement for \$317,100 with MOHCD to fund rehabilitation of the Hartland Hotel. This loan is interest-free and the principal is due twenty years from the date of the agreement, January 3, 2002. The loan requires Hartland Hotel to comply with specified affordability and leasing restrictions until August 31, 2020. All principal will be forgiven at maturity, provided the Organization remains in compliance with specified terms of the agreement. The Organization expects the loan to be forgiven in August 2022.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

11. FORGIVABLE LOANS (continued)

Hartland Hotel CDBG Loan (continued)

If, with the City's prior written consent at any time while the affordability restrictions are still in effect: (i) the Organization consents to the lessor's sale of the property; or (ii) the Organization or its assignee fails to exercise the purchase option (as defined in the lease) for the property, then the lessor may terminate the affordability restrictions by payment of a release fee in an amount equal to the then remaining balance of the loan which is calculated on the basis of a 5% reduction of the original principal balance on each anniversary of the loan closing date.

Mission Hotel CDBG Loan

The Organization entered into a loan agreement for \$387,849 with MOHCD to fund part of the rehabilitation of the Mission Hotel. This loan bears 3% interest and matured in December 2020. Principal and accrued interest are due at maturity. However, all principal and interest will be forgiven at maturity, provided the Organization remains in compliance with specified terms of the agreement. The agreement requires Mission Hotel to comply with stated affordability and leasing restrictions for the term of the loan.

If, with the City's prior written consent at any time while the affordability restrictions are still in effect: (i) the Organization consents to the lessor's sale of the property; or (ii) the Organization or its assignee fails to exercise the purchase option (as defined in the lease) for the property, then the lessor may terminate the affordability restrictions by payment of a release fee in an amount equal to the then remaining balance of the loan which is calculated on the basis of a 5% reduction of the original principal balance on each anniversary of the loan closing date.

The Organization met MOHCD's loan forgiveness requirements and received re-conveyance of the loan. The Organization recorded forgiveness income of \$387,849 within the statement of activities to record the legal release.

12. GALVIN APARTMENTS

The Organization manages a 56-unit studio apartment building located on Brannan Street (the Galvin Apartments). It rents the studio apartments in accordance with below-market-rate housing policies as established by MOHCD, which caters to low-income individuals. Rental revenue from the building pays for the expenses associated with managing and operating the property. The Organization received the Galvin Apartments in September 2007 without paying consideration.

13. CONTINGENCIES

The Organization receives monies from several grant/contract programs that are operated by various government agencies. Those programs are subject to financial and compliance audits by the grantors/agencies or their representatives, to ensure compliance with conditions and restrictions of the agreements.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

13. CONTINGENCIES (continued)

The Organization is involved in litigation and claims arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations of the Organization.

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 have the following purpose and time restrictions:

Bristol Hotel operations	\$ 3,153,666
Other purpose restrictions	<u>407,606</u>
	<u>\$ 3,561,272</u>

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

Bristol Hotel operations	<u>\$ 1,405,796</u>
Total net assets released from restrictions	<u>\$ 1,405,796</u>

15. RETIREMENT PLAN

The Organization sponsors an employee retirement benefit plan known as the THC 403(b) Plan (the "Plan"). Upon hire, all active employees are eligible to make elective deferrals before and/or after taxes, up to limits set by the Internal Revenue Service. The Organization at its discretion may make an annual contribution to the Plan accounts of all eligible employees. Eligible employees for the non-elective discretionary annual contribution must be 18 year old, employed on the last day of the Plan Year and worked 975 hours during the Plan Year. The non-elective discretionary annual contribution is calculated as the total non-elective contribution divided by total number of participants eligible for the non-elective contribution. For the Plan Year ended June 30, 2021, the non-elective discretionary annual contribution were approximately \$347,580.

TENDERLOIN HOUSING CLINIC
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

16. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) outbreak a pandemic. The worldwide spread of COVID-19 has resulted in a global slowdown of economic activity. As a result, The Organization may experience negative impacts to the results of its operations and its financial position. Currently, there is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. While the Organization expects this matter may negatively impact its operations and financial position, the related financial impact cannot be reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

TENDERLOIN HOUSING CLINIC, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor Pass-through Grantor Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>Pass-through Awards</u>			
Department of Housing and Urban Development (Pass-through from the City and County of San Francisco)			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant	14.218	N/A	\$ 988,717
Community Development Block Grant (loan)	14.218	N/A	317,100
Community Development Block Grant (loan)	14.218	N/A	<u>387,849</u>
Total CDBG - Entitlement Grants Cluster			1,693,666
Continuum of Care Funding	14.238	CA-501	3,809,729
Housing Voucher Cluster			
Veterans Affairs Supporting Housing (VASH)	14.871	PBV8473 and PBV0009	<u>331,302</u>
Total Expenditures of Federal Awards			<u>\$ 5,834,697</u>

TENDERLOIN HOUSING CLINIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of federal awards (the Schedule) includes the federal award activity of Tenderloin Housing Clinic, Inc. under programs of the federal government for the year ended June 30, 2021 and is presented on the accrual basis of accounting. The information in this 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 operations of Tenderloin Housing Clinic, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Tenderloin Housing Clinic, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

4. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOANS

Federal awards received under the CDBG loan program are for periods of 15 to 20 years. These loans are secured by deeds of trust. The loan obligations will be waived at the end of the loan terms provided that the Organization remains in compliance with specified terms and agreements in the loan documents. While the loan in the amount of \$387,849 was forgiven during the year ended June 30, 2021, it is still under compliance until December 2, 2025.



**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**

Board of Directors
Tenderloin Housing Clinic, Inc.

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 financial statements of Tenderloin Housing Clinic, Inc. (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2021, 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 November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's 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 Organization'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 the Organization's financial statements are free from 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BAKER TILLY US, LLP

Baker Tilly US, LLP

San Francisco, California

November 23, 2021



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

Board of Directors
Tenderloin Housing Clinic, Inc.

Report on Compliance for Each Major Federal Program

We have audited Tenderloin Housing Clinic, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tenderloin Housing Clinic, Inc.'s major federal programs for the year ended June 30, 2021. Tenderloin Housing Clinic, Inc.'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 Tenderloin Housing Clinic, Inc.'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 about Tenderloin Housing Clinic, Inc.'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 Tenderloin Housing Clinic, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Tenderloin Housing Clinic, Inc. 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, 2021.



Report on Internal Control Over Compliance

Management of Tenderloin Housing Clinic, Inc. 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 Tenderloin Housing Clinic, Inc.'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 Tenderloin Housing Clinic, Inc.'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 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.

BAKER TILLY US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Francisco, California
November 23, 2021

TENDERLOIN HOUSING CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Tenderloin Housing Clinic, Inc. (the "Organization") were prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this Schedule.
7. The programs tested as a major programs were:

<u>Assistance Listing Number</u>	<u>Program Title</u>
14.218	Community Development Block Grant

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Organization qualified as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None