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**Beyond Shelter Frederick, Inc.**

**Financial Statements, Schedule of  
Expenditures of Federal Awards and  
Independent Auditor's Report**

**For the Years Ended  
September 30, 2023 and 2022**

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**LSWG**

**CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS**



## Independent Auditor's Report

To the Board of Directors of  
Beyond Shelter Frederick, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Beyond Shelter Frederick, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beyond Shelter Frederick, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beyond Shelter Frederick, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Supplementary 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, on our consideration of Beyond Shelter Frederick, Inc.'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 Beyond Shelter Frederick, Inc.'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 Beyond Shelter Frederick, Inc.'s internal control over financial reporting and compliance.

*LSWG, P.A.*

Rockville, Maryland  
May 30, 2024

**Beyond Shelter Frederick, Inc.**  
**Statements of Financial Position**  
**September 30,**

**Assets**

	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 66,762	\$ 458,152
Grants and contributions receivable	91,037	767,250
Promises to give - current	158,303	133,939
Prepaid expenses	11,603	44,396
Total Current Assets	327,705	1,403,737
<b>Property and Equipment, at cost</b>		
Land	331,200	331,200
Buildings and improvements	4,321,779	4,233,154
Leasehold improvements	-	60,347
Furniture and equipment	210,158	183,604
Construction in progress	17,053	-
Cemetery plot	3,000	3,000
	4,883,190	4,811,305
Less: accumulated depreciation	(1,054,387)	(906,761)
Total Property and Equipment, net	3,828,803	3,904,544
<b>Other Assets</b>		
Deposits	19,246	15,380
Investments - endowment fund	170,842	141,461
Promises to give - long term	94,900	315,708
Deferred financing fees	31,988	38,386
Total Other Assets	316,976	510,935
<b>Total Assets</b>	<b>\$ 4,473,484</b>	<b>\$ 5,819,216</b>

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

**Beyond Shelter Frederick, Inc.**  
**Statements of Financial Position (continued)**  
**September 30,**

**Liabilities and Net Assets**

	<b>2023</b>	<b>2022</b>
<b>Current Liabilities</b>		
Accounts payable	\$ 180,403	\$ 389,706
Accrued liabilities	29,230	40,359
Finance agreement - current portion	2,053	-
Construction loan	656,246	1,123,401
Deferred revenue	61,857	654,787
Total Current Liabilities	929,789	2,208,253
 <b>Long-Term Liabilities</b>		
Finance agreement - net of current portion	3,522	6,436
Note payable	90,000	90,000
Total Long-Term Liabilities	93,522	96,436
 Total Liabilities	1,023,311	2,304,689
 <b>Net Assets</b>		
Without donor restrictions	2,827,604	3,337,995
With donor restrictions	622,569	176,532
Total Net Assets	3,450,173	3,514,527
 <b>Total Liabilities and Net Assets</b>	<b>\$ 4,473,484</b>	<b>\$ 5,819,216</b>

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

**Beyond Shelter Frederick, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended September 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Grants and contracts	\$ 4,982,394	\$ 1,266,713	\$ 6,249,107
Contributions	495,597	256,230	751,827
In-kind contributions	15,204	-	15,204
Investment income	6,468	-	6,468
Other income	19,963	-	19,963
Realized and unrealized gains on investments	10,816	-	10,816
	5,530,442	1,522,943	7,053,385
Net assets released from restriction	1,076,906	(1,076,906)	-
Total Support and Revenue	6,607,348	446,037	7,053,385
<b>Expenses:</b>			
Program Services:			
Emergency rental assistance - PRP	2,300,180	-	2,300,180
Year round shelter	435,092	-	435,092
Family shelter	413,780	-	413,780
Health care services	32,369	-	32,369
COVID-19 relief	30,598	-	30,598
COVID rental assistance	433,690	-	433,690
Emergency rental assistance - MD	181,271	-	181,271
Emergency rental assistance	1,935,897	-	1,935,897
Other client services	441,845	-	441,845
Total Program Services	6,204,722	-	6,204,722
Support Services:			
Fundraising	224,115	-	224,115
Management and general	688,902	-	688,902
Total Support Services	913,017	-	913,017
Total Expenses	7,117,739	-	7,117,739
<b>Changes in Net Assets</b>	<b>(510,391)</b>	<b>446,037</b>	<b>(64,354)</b>
Net Assets, Beginning of Year	3,337,995	176,532	3,514,527
Net Assets, End of Year	\$ 2,827,604	\$ 622,569	\$ 3,450,173

The accompanying notes are an integral part of this financial statement.

**Beyond Shelter Frederick, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended September 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Grants and contracts	\$ 8,780,772	\$ 925,681	\$ 9,706,453
Contributions	289,150	1,039,089	1,328,239
In-kind contributions	25,288	-	25,288
Investment income	7,577	-	7,577
Other income	9,097	-	9,097
Realized and unrealized (loss) on investments	(25,242)	-	(25,242)
	9,086,642	1,964,770	11,051,412
Net assets released from restriction	3,894,459	(3,894,459)	-
Total Support and Revenue	12,981,101	(1,929,689)	11,051,412
<b>Expenses:</b>			
Program Services:			
Housing	286,288	-	286,288
Year round shelter	420,785	-	420,785
Family shelter	906,712	-	906,712
Health care services	75,968	-	75,968
COVID-19 relief	453,093	-	453,093
COVID rental assistance	1,727,710	-	1,727,710
Emergency rental assistance - MD	1,399,355	-	1,399,355
Emergency rental assistance	4,152,033	-	4,152,033
Other client services	552,502	-	552,502
Total Program Services	9,974,446	-	9,974,446
Support Services:			
Fundraising	243,398	-	243,398
Management and general	595,190	-	595,190
Total Support Services	838,588	-	838,588
Total Expenses	10,813,034	-	10,813,034
<b>Changes in Net Assets</b>	<b>2,168,067</b>	<b>(1,929,689)</b>	<b>238,378</b>
Net Assets, Beginning of Year	1,169,928	2,106,221	3,276,149
Net Assets, End of Year	\$ 3,337,995	\$ 176,532	\$ 3,514,527

The accompanying notes are an integral part of this financial statement.

**Beyond Shelter Frederick, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2023**

	<b>Program Services</b>									<b>Support Services</b>			
	<b>Emergency Rental Assistance - PRP</b>	<b>Year Round Shelter</b>	<b>Family Shelter</b>	<b>Health Care Services</b>	<b>COVID-19 Relief</b>	<b>COVID Rental Assistance</b>	<b>Emergency Rental Assistance - MD</b>	<b>Emergency Rental Assistance</b>	<b>Other Client Services</b>	<b>Total</b>	<b>Fundraising</b>	<b>Management &amp; General</b>	<b>Total Expenses</b>
Salaries	\$ 156,672	\$ 271,119	\$ 304,218	\$ -	\$ -	\$ 11,878	\$ 7,725	\$ 67,580	\$ -	\$ 819,192	\$ 118,503	\$ 306,791	\$ 1,244,486
Payroll taxes	11,970	20,710	23,260	-	-	917	591	5,170	-	62,618	9,063	24,459	96,140
Fringe benefits	2,050	3,572	2,958	-	-	254	150	1,491	-	10,475	2,280	148,485	161,240
Interest	-	-	-	-	-	-	-	-	8,471	8,471	-	19,774	28,245
Repairs and maintenance	-	50,226	23,199	-	-	-	-	-	-	73,425	-	22,853	96,278
Supplies	-	11,060	6,731	-	-	-	-	-	7,005	24,796	226	27,834	52,856
Utilities	-	21,180	15,271	-	-	-	-	-	-	36,451	-	4,135	40,586
Bad debt	-	-	-	-	-	-	-	-	-	-	-	3,784	3,784
Assistance	2,115,878	7,710	7,396	32,369	15,478	384,948	165,878	1,813,641	329,723	4,873,021	12,807	10,318	4,896,146
Other client services	-	-	-	-	-	-	-	-	-	-	-	(13,678)	(13,678)
Insurance	-	-	-	-	-	-	-	-	-	-	-	30,808	30,808
Depreciation	-	46,451	1,123	-	-	-	-	-	85,316	132,890	-	14,736	147,626
Printing	-	-	-	-	-	-	-	-	-	-	10,484	172	10,656
Dues and subscriptions	5,330	21	254	-	-	2,398	2,206	4,986	11,124	26,319	21,580	20,917	68,816
Telephone	-	122	1,592	-	-	-	-	-	-	1,714	-	21,106	22,820
Travel	-	-	-	-	-	-	-	-	-	-	6,581	646	7,227
Professional services	-	245	9,668	-	15,120	33,295	4,721	43,029	200	106,278	38,190	30,607	175,075
Office expense	8,280	2,676	18,110	-	-	-	-	-	6	29,072	4,401	15,155	48,628
<b>Total Expenses</b>	<b>\$ 2,300,180</b>	<b>\$ 435,092</b>	<b>\$ 413,780</b>	<b>\$ 32,369</b>	<b>\$ 30,598</b>	<b>\$ 433,690</b>	<b>\$ 181,271</b>	<b>\$ 1,935,897</b>	<b>\$ 441,845</b>	<b>\$ 6,204,722</b>	<b>\$ 224,115</b>	<b>\$ 688,902</b>	<b>\$ 7,117,739</b>

The accompanying notes are an integral part of this financial statement.

**Beyond Shelter Frederick, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2022**

	Program Services									Support Services			
	Housing	Year Round Shelter	Family Shelter	Health Care Services	COVID-19 Relief	COVID Rental Assistance	Emergency Rental Assistance - MD	Emergency Rental Assistance	Other Client Services	Total	Fundraising	Management & General	Total Expenses
Salaries	\$ 53,506	\$ 242,020	\$ 251,936	\$ -	\$ -	\$ 78,712	\$ 12,688	\$ 81,296	\$ -	\$ 720,158	\$ 116,902	\$ 211,873	\$ 1,048,933
Payroll taxes	4,093	18,481	19,273	-	-	6,022	971	6,219	-	55,059	8,943	15,891	79,893
Fringe benefits	420	2,392	(1,590)	-	-	901	235	1,461	-	3,819	2,173	106,357	112,349
Interest	-	-	-	-	-	-	-	-	-	-	-	45,438	45,438
Repairs and maintenance	-	24,075	20,576	-	17,393	-	-	-	2,274	64,318	(749)	20,474	84,043
Supplies	-	18,473	14,633	-	-	-	-	-	41,630	74,736	1,162	7,549	83,447
Utilities	-	24,158	13,787	-	-	(1,735)	-	-	14,293	50,503	-	7,603	58,106
Bad debt	-	-	-	14,132	-	-	-	-	-	14,132	-	-	14,132
Assistance	222,090	14,008	552,798	61,836	443,017	1,608,890	1,390,721	4,043,591	450,446	8,787,397	320	(4,033)	8,783,684
Other client services	-	-	-	-	-	-	-	-	-	-	7,430	3,052	10,482
Insurance	-	-	-	-	-	-	-	-	4,258	4,258	-	13,458	17,716
Depreciation	-	44,936	-	-	-	-	-	-	39,734	84,670	-	18,197	102,867
Printing	-	-	-	-	-	-	-	-	-	-	4,709	70	4,779
Dues and subscriptions	-	916	106	-	-	3,710	1,368	10,058	438	16,596	20,057	15,934	52,587
Telephone	-	2,142	4,089	-	243	-	-	-	-	6,474	-	14,605	21,079
Travel	-	-	1,047	-	-	-	-	-	-	1,047	100	3,578	4,725
Professional services	-	88	425	-	(7,560)	22,191	(8,000)	-	(1,165)	5,979	58,375	198,102	262,456
Office expense	-	958	450	-	-	-	-	-	594	2,002	10,344	13,972	26,318
Common allocations	6,179	28,138	29,182	-	-	9,019	1,372	9,408	-	83,298	13,632	(96,930)	-
<b>Total Expenses</b>	<b>\$ 286,288</b>	<b>\$ 420,785</b>	<b>\$ 906,712</b>	<b>\$ 75,968</b>	<b>\$ 453,093</b>	<b>\$ 1,727,710</b>	<b>\$ 1,399,355</b>	<b>\$ 4,152,033</b>	<b>\$ 552,502</b>	<b>\$ 9,974,446</b>	<b>\$ 243,398</b>	<b>\$ 595,190</b>	<b>\$ 10,813,034</b>

The accompanying notes are an integral part of this financial statement.

**Beyond Shelter Frederick, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended September 30,**

	<b>2023</b>	<b>2022</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ (64,354)	\$ 238,378
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	147,626	102,867
Realized and unrealized (gain) loss on investments	(10,816)	25,242
Bad debt expense	3,784	14,132
Net changes in operating assets and liabilities		
Grants and contributions receivable	672,429	(309,079)
Promises to give	196,444	304,944
Prepaid expenses	32,793	(32,306)
Deposits	(3,866)	(1,425)
Deferred financing fees	6,398	6,397
Accounts payable	(209,303)	279,684
Accrued liabilities	(11,129)	9,512
Deferred revenue	(592,930)	49,930
Net cash provided by (used in) operating activities	167,076	688,276
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(71,884)	(1,208,292)
Purchase of investments	(24,414)	(70,673)
Proceeds from sale of investments	5,848	6,189
Net cash provided by (used in) investing activities	(90,450)	(1,272,776)
<b>Cash flows from financing activities:</b>		
Net draws (payments) on line of credit	-	282,258
Payments on construction loan (net) of advances	(467,155)	-
Proceeds from finance agreement - copier	-	6,436
Payments on finance agreement	(861)	-
Net cash provided by (used in) financing activities	(468,016)	288,694
Net increase (decrease) in cash and cash equivalents	(391,390)	(295,806)
Cash and cash equivalents, beginning of year	458,152	753,958
<b>Cash and cash equivalents, end of year</b>	<b>\$ 66,762</b>	<b>\$ 458,152</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 28,245	\$ 45,438
Cash paid for income taxes	\$ -	\$ -

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

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**1. NATURE OF ORGANIZATION**

Beyond Shelter Frederick, Inc. (the “Organization”), formerly known as Religious Coalition for Emergency Human Needs, Inc., is an ecumenical organization which coordinates donations of time, talent, money, food and other resources to meet the urgent needs of people in Frederick County. The Organization is funded primarily by contributions and grants. The services provided by the Organization include, but are not limited to: homelessness prevention, year round shelter, family shelter, health care services and emergency rental assistance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents** - Cash and cash equivalents includes checking and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents.

**Investments** – The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Position. Net investment gain/(loss) is reported in the Statement of Activities and Changes in Net Assets and consists of interest and dividend income less external investment expenses.

**Grants and Contributions Receivable** – Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.

**Promises to Give** – The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities and Changes in Net Assets. Management estimates an allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Management has determined that all promises to give are collectible at September 30, 2023 and 2022.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment** - Property and equipment are stated at cost or, if donated, at the estimated fair value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	3 – 40 years
Furniture and equipment	5 – 7 years
Leasehold improvements	Based on remaining life of the lease

The Organization capitalizes property and equipment purchases greater than \$1,000. Purchases less than this threshold are expensed in the year of acquisition. Depreciation expense was \$147,626 and \$102,867 for the years ended September 30, 2023 and 2022, respectively.

Certain property owned by the Organization was purchased in whole or in part through the use of grants. According to the terms of such grants, the use and ultimate disposition of these assets within a specified time period is restricted.

**Net Assets** - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Revenue and Revenue Recognition** – The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization recognizes grant revenue when the funds are earned. Grant revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor purpose or time restrictions.

Revenue from special events is recognized at the point in time the special event is held.

**Donated Services and In-Kind Contributions** - Contributions of noncash assets are recorded at their fair value in the period received. Contributions of services that would create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

**Functional Expenses** - The Organization's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenses that are allocated include compensation and benefits of office staff, volunteer expenses, office supplies, postage, printing, facility and equipment expenses, repairs, maintenance and utilities, all of which are allocated based on estimates of time and effort.

**Advertising Costs** - The Organization expenses advertising costs as they are incurred. Total advertising expense for the years ended September 30, 2023 and 2022 was \$2,535 and \$4,807, respectively.

**Estimates** - The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**3. INCOME TAXES**

The Organization has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c) (3) and is not a private foundation. Therefore, the Organization is exempt from income taxes with the exception of taxes on any unrelated business income (UBIT). The Organization has not received any notice from the Internal Revenue Service that would jeopardize its tax exempt status. There was no UBIT, and thus, no income taxes paid in the years ended September 30, 2023 and 2022.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**3. INCOME TAXES (continued)**

The Organization previously adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at September 30, 2023 and 2022.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2020.

**4. COMMUNITY FOUNDATION FUNDS**

The Organization established endowment funds at the Community Foundation of Frederick County (Community Foundation). Since these funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. The endowment funds were established to provide support for the programs, client services and operations of the Organization as determined by the Board of Directors. The Community Foundation manages the fund's investments and controls the fund's disbursements. A portion of the endowment funds are disbursed annually. The Organization may choose to keep the disbursement or send it back to the fund as a contribution.

The endowment fund is recorded at fair market value. The following is a summary of the fund's activity for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 141,461	\$ 102,219
Contributions	18,720	67,389
Reinvestments and earnings	5,693	7,300
Fund disbursements	(4,229)	(5,097)
Management fees	(1,619)	(1,092)
Unrealized gains (loss)	<u>10,816</u>	<u>(29,258)</u>
Balance, end of year	<u>\$ 170,842</u>	<u>\$ 141,461</u>

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Community Foundation endowment fund* – funds held by the Community Foundation, invested in publicly traded securities.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets (investments) at fair value as of:

<b>September 30, 2023:</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Community Foundation				
Endowment fund	<u>\$ -</u>	<u>\$ 170,842</u>	<u>\$ -</u>	<u>\$ 170,842</u>

<b>September 30, 2022:</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Community Foundation				
Endowment fund	<u>\$ -</u>	<u>\$ 141,461</u>	<u>\$ -</u>	<u>\$ 141,461</u>

**6. PROMISES TO GIVE**

Unconditional promises to give are estimated to be collected as follows:

	<b>September 30,</b> <b><u>2023</u></b>	<b>September 30,</b> <b><u>2022</u></b>
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 158,303	\$ 133,939
One to five years	<u>94,900</u>	<u>315,708</u>
Total unconditional promises to give before discount	253,203	449,647
Less: discount	<u>-</u>	<u>-</u>
	<u>\$ 253,203</u>	<u>\$ 449,647</u>

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**7. NOTES PAYABLE**

The Organization is party to a \$90,000 non-interest bearing note payable to Frederick County, Maryland. The note represents funds received to construct the Alan P. Linton, Jr. Emergency Shelter. Repayment is not required as long as the Organization owns the property and continues to utilize it for affordable housing. As long as these conditions are satisfied, payments of principal are deferred and the note will remain outstanding in perpetuity. Upon default, the entire principal becomes due and payable, interest free.

On September 24, 2021, the Organization entered into a construction loan agreement with Woodsboro Bank for \$2,000,000. The interest rate on the loan is 4%. Interest only payments will be made through September 24, 2024 at which time principal and interest payments will be made until September 24, 2029 when a balloon payment will be due. The proceeds of the loan are being used to renovate the Hayward Road property. Collateral on the note includes receivables, equipment, furniture and deposit accounts. The balance on the note at September 30, 2023 and 2022 was \$656,246 and \$1,123,401, respectively.

**8. LEASE**

The Organization entered into a lease for a copier that expires in September 2027 and requires monthly lease payments of \$171. The minimum lease payments are as follows at September 30:

2024 -	\$2,053
2025 -	2,053
2026 -	2,053
2027 -	2,053
2028 -	-

**9. RETIREMENT PLAN**

On January 1, 2014, the Organization adopted the Religious Coalition for Emergency Human Needs 401(k) Profit Sharing Plan and Trust. All employees are eligible to participate in the Plan after completing three consecutive months of service and having reached twenty-one years of age. Employees are eligible for employer profit sharing contributions after completing one year of service and 1,000 hours of service. Under the Plan, participants are permitted to defer a portion of their salary up to the maximum allowed by law. The Organization may make matching contributions to the plan equal to 100% of the deferral contribution up to a maximum of 3% of salary. Retirement expense for the years ended September 30, 2023 and 2022 was \$20,673 and \$17,685, respectively.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**10. CONTRIBUTED MATERIALS AND SERVICES**

A substantial number of unpaid volunteers have made significant contributions of their time to the establishment, development and operation of the Organization. In accordance with FASB ASC 958-065, the value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation and therefore, does not meet the criteria of FASB ASC 958-065. In-kind contributions consisted of the following for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>Usage</u>
Christmas assistance	\$ 7,327	\$ 6,245	Program
Shelter supplies	7,497	2,921	Program
Client supplies	-	14,410	Program
Other	380	1,712	Program
Total	<u>\$ 15,204</u>	<u>\$ 25,288</u>	

These in-kind contributions were valued using the fair market value of the goods received. The Organization does not sell donated gifts in kind and only uses the goods for its own program or supporting service activities.

**11. NET ASSETS**

Net assets with donor restrictions were available for the following purposes as of September 30:

	<u>2023</u>	<u>2022</u>
Hayward Road project	\$ -	\$ 45,122
Fuel fund	74,545	73,155
School supplies	2,135	2,135
Family Shelter fund	343,068	-
Food banks	37,661	34,611
After the Storm	5,805	5,805
Building fund	2,794	2,794
Christmas fund	11,029	11,029
Year Round shelter	122,710	-
Dental fund	12,465	-
Getting ahead development	10,357	1,881
	<u>\$ 622,569</u>	<u>\$ 176,532</u>

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**12. CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents held by the Organization in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit of \$250,000 per financial institution. The Organization had no excess deposits at September 30, 2023 and \$137,221 of excess deposits at September 30, 2022. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

**13. REVENUE CONCENTRATIONS**

The Organization has one grantor who makes up 63% of its total revenue and support and 13% of its grants receivable for the year ended September 30, 2023. The same grantor makes up 66% of its total revenue and support and 10% of its grants receivable for the year ended September 30, 2022.

**14. CONTINGENCIES**

At September 30, 2023 and 2022, the Organization was participating in grants funded by government agencies. These grants, as well as other grants and contracts awarded and completed in the past, are subject to compliance audits by grantors. The amounts, if any, which could be disallowed by the granting agency, cannot be determined at this time. The Organization expects such amounts, if any, to be immaterial.

**15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization's financial assets as of September 30, 2023 and 2022 reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

**15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)**

The board designated net assets can be drawn upon if the board approves that action.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 66,762	\$ 458,152
Grants and contributions receivable	91,037	767,250
Promises to give – current	158,303	133,939
Investments - endowment fund	<u>170,842</u>	<u>141,461</u>
Financial assets, at year end	486,944	1,500,802
Less those unavailable for general expenditure within one year, due to:		
Donor restricted funds – current portion	(622,569)	(176,532)
Endowments	<u>(170,842)</u>	<u>(141,461)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ (306,467)</u>	<u>\$ 1,182,809</u>

As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization applies for grants to cover specific programs and other expenses and considers contributions and fundraising campaigns to cover general mission and operating expenses.

During the year ended September 30, 2023, the Organization “borrowed” \$306,467 from restricted cash that it intends to replenish from resources without donor restrictions once operations allow.

**16. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 30, 2024, the date the financial statements were available to be issued. There were no significant events that required disclosure in these financial statements.

**SINGLE AUDIT**

**Beyond Shelter Frederick, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For Year Ended September 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant Number	Expenditures
Department of the Treasury			
Frederick County, Maryland			
*COVID-19* Emergency Rental Assistance Program	21.023	N/A	\$ 433,690
*COVID-19* Emergency Rental Assistance Program	21.023	N/A	1,935,896
*COVID-19* Emergency Rental Assistance Program	21.023	N/A	180,878
*COVID-19* State and Local Fiscal Recovery Funds	21.027	N/A	1,564,909
*COVID-19* State and Local Fiscal Recovery Funds	21.027	N/A	356,328
*COVID-19* State and Local Fiscal Recovery Funds	21.027	N/A	<u>9,800</u>
Total Department of Treasury			<u>4,481,501</u>
Department of Housing and Urban Development			
City of Frederick, Maryland			
Homeless Solutions Program	14.231	N/A	182,759
*COVID-19* Homeless Solutions Program	14.231	N/A	11,407
*COVID-19* Emergency Solutions grant	14.231	N/A	321,419
Frederick County, Maryland			
*COVID-19* Community Development Block Grant	14.228	CV-1-6	<u>34,062</u>
Total Department of Housing and Urban Development			<u>549,647</u>
Department of Homeland Security			
*COVID-19* Emergency Food and Shelter Program	97.024	N/A	<u>15,300</u>
Total Department of Homeland Security			<u>15,300</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$5,046,448</u></u>

The accompanying notes are an integral part of this schedule.

**Beyond Shelter Frederick, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**September 30, 2023**

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Beyond Shelter Frederick, Inc. (a nonprofit organization), under programs of the federal government for the year ended September 30, 2023. 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 the operations of Beyond Shelter Frederick, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Beyond Shelter Frederick, Inc.

**MAJOR PROGRAMS**

*Department of the Treasury*

*Assistance Listing Number 21.023 Emergency Rental Assistance Program*

ERA 1 provided \$25 billion for the U.S. Department of the Treasury (Treasury). ERA 1 award funds may be used to provide financial assistance and housing stability service to eligible households between March 15, 2021 and December 31, 2021. This program provides emergency rental assistance and utility assistance to individuals and families who have been impacted by the COVID-19 crisis.

ERA 2 provided \$21.55 billion for the U.S. Department of the Treasury (Treasury). ERA 2 award funds may be used to assist eligible households with financial assistance and to provide housing stability services and, as applicable, to cover the costs for other affordable rental housing and eviction prevention activities.

*Department of Treasury*

*Assistance Listing Number 21.027 State And Local Fiscal Recovery Funds*

SLFRF provides direct payments to states, US territories, tribal governments, metropolitan cities, counties and (through States) non-entitlement units of local government (NEUs) to respond to the public health emergency with respect to Coronavirus Disease 2019 by providing (among other things) assistance to households, small business, nonprofits and impacted industries.

**Note B – Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are 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.
- (2) Beyond Shelter Frederick, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance; they utilize the indirect cost rates agreed upon in the applicable grant document.



**Independent Auditor’s Report**  
**on Internal Control over Financial Reporting and on Compliance and**  
**Other Matters Based on an Audit of Financial Statements Performed**  
**in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Beyond Shelter Frederick, 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 Beyond Shelter Frederick, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and changes in net assets, 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 May 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Beyond Shelter Frederick, Inc.’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beyond Shelter Frederick, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Beyond Shelter Frederick, Inc.’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Beyond Shelter Frederick, Inc.'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 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*.

## **Beyond Shelter Frederick, Inc.'s Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Beyond Shelter Frederick, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Beyond Shelter Frederick, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

*LSWG, P.A.*

Rockville, Maryland  
May 30, 2024



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

To the Board of Directors of  
Beyond Shelter Frederick, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Beyond Shelter Frederick, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Beyond Shelter Frederick, Inc.'s major federal programs for the year ended September 30, 2023. Beyond Shelter Frederick, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Beyond Shelter Frederick, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Beyond Shelter Frederick, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Beyond Shelter Frederick, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Beyond Shelter Frederick, Inc.'s federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beyond Shelter Frederick, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beyond Shelter Frederick, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Beyond Shelter Frederick, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Beyond Shelter Frederick, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beyond Shelter Frederick, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Beyond Shelter Frederick, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Beyond Shelter Frederick, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

***LSWG, P.A.***

Rockville, Maryland  
May 30, 2024





**Beyond Shelter Frederick, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**September 30, 2023**

**2022-001 Cash Disbursements**

*Material Weakness*

**Condition:** This finding was a material weakness stating that management approval of certain selected invoices was missing and the check request did not have the proper documentation.

**Recommendation:** The auditor recommended management review the internal controls surrounding cash disbursements to ensure that check requests and supporting documentation are retained in a centralized location and includes the approval of invoices.

**Current Status:** During fiscal year 2023, all check requests tested included both the supporting documentation and the approval of invoices.



## CORRECTIVE ACTION PLAN May 30, 2024

Department of the Treasury

Beyond Shelter Frederick, Inc. respectfully submits the following corrective action plan for the year ended September 30, 2023.

Name and address of independent public accounting firm:

LSWG, P.A.  
Certified Public Accountants  
1801 Research Blvd., Suite 320  
Rockville, Maryland 20850

Audit Period: Year ended September 30, 2023

The findings from the September 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### MATERIAL WEAKNESS

##### 2023-001 Timesheets

**Auditor’s Recommendation:** We recommend that management work with the supervisors to ensure they are approving the timesheets through the timekeeping system for documentation purposes or appoint an alternate approver in the absence of the assigned supervisor. Verbal approval is not an acceptable way of approving timesheets. We also recommend training for employees to ensure the timesheet hours are submitted timely.

**Action Taken:** Employees are now notified when timesheets are due and are made aware of the processing deadline. Going forward, if a manager is taking time off, they will assign another manager to approve timesheets in their absence and this will be documented. Employees will also receive training from the payroll company applications.



If the Department of the Treasury has questions regarding this plan, please call Nick Brown, Executive Director at (301) 631-2670.

Sincerely,

A handwritten signature in black ink, appearing to be "NB", written in a cursive style.

Nick Brown, Executive Director

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