

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

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**CONSOLIDATED FINANCIAL STATEMENTS  
and  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary (nonprofit organizations), which comprise the Consolidated Statement of Financial Position as of June 30, 2022, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

continued

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### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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, including omissions, 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary'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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matters

#### *Report on Supplementary Information*

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

#### *Report on Summarized Comparative Information*

We have previously audited Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary'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 Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary's internal control over financial reporting and compliance.

*Harrington Group*

Oakland, California

March 2, 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 724,408	\$ 787,097	<b>\$ 1,511,505</b>	\$ 1,197,176
Cash - MHSA housing reserve accounts		1,340,951	<b>1,340,951</b>	1,351,088
Total cash and cash equivalents	724,408	2,128,048	<b>2,852,456</b>	2,548,264
Accounts receivable	1,998,959		<b>1,998,959</b>	1,590,452
Pledge receivable (Note 4)		75,000	<b>75,000</b>	125,000
Prepaid expenses	134,915		<b>134,915</b>	133,417
Investments (Note 5)		17,987	<b>17,987</b>	20,561
Property and equipment (Note 7)	1,529,406		<b>1,529,406</b>	1,561,804
<b>TOTAL ASSETS</b>	<b>\$ 4,387,688</b>	<b>\$ 2,221,035</b>	<b>\$ 6,608,723</b>	<b>\$ 5,979,498</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 117,317	\$ -	<b>\$ 117,317</b>	\$ 93,362
Accrued liabilities (Note 8)	583,988		<b>583,988</b>	440,627
Deferred revenue (Note 2)	132,375		<b>132,375</b>	-
Notes payable (Note 10)	1,528,700		<b>1,528,700</b>	1,528,700
<b>TOTAL LIABILITIES</b>	2,362,380	-	<b>2,362,380</b>	2,062,689
<b>NET ASSETS</b>				
Without donor restrictions	2,025,308		<b>2,025,308</b>	1,833,886
With donor restrictions				
Purpose restrictions (Note 12)		2,213,935	<b>2,213,935</b>	2,075,823
Perpetual in nature (Note 13)		7,100	<b>7,100</b>	7,100
<b>TOTAL NET ASSETS</b>	2,025,308	2,221,035	<b>4,246,343</b>	3,916,809
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,387,688</b>	<b>\$ 2,221,035</b>	<b>\$ 6,608,723</b>	<b>\$ 5,979,498</b>

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022</b>	<b>2021</b>
<b>REVENUE AND SUPPORT</b>				
Government contract revenue (Note 14)	\$ 7,357,779	\$ -	\$ 7,357,779	\$ 7,285,586
Service fees	1,111,816		1,111,816	1,019,385
Contributions	813,592	253,512	1,067,104	1,145,197
Donated materials and services (Note 2)	335,448		335,448	52,000
Special events - net of expenses of \$128,981	235,417		235,417	234,052
Scattered site adult rental income	194,378		194,378	235,926
MHSA rental income	44,033		44,033	45,717
Interest income	1	6,211	6,212	14,589
Dividend income		4,021	4,021	1,173
Loss on investments		(2,883)	(2,883)	3,955
Government grant - PPP forgiveness			-	581,787
Net assets released from restrictions (Note 12)	122,749	(122,749)	-	-
	<b>10,215,213</b>	<b>138,112</b>	<b>10,353,325</b>	<b>10,619,367</b>
<b>EXPENSES</b>				
Program services	9,039,434		9,039,434	8,418,740
Management and general	437,958		437,958	492,720
Fundraising	546,399		546,399	373,840
	<b>10,023,791</b>	<b>-</b>	<b>10,023,791</b>	<b>9,285,300</b>
<b>CHANGE IN NET ASSETS</b>	<b>191,422</b>	<b>138,112</b>	<b>329,534</b>	<b>1,334,067</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,833,886</b>	<b>2,082,923</b>	<b>3,916,809</b>	<b>2,582,742</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,025,308</b>	<b>\$ 2,221,035</b>	<b>\$ 4,246,343</b>	<b>\$ 3,916,809</b>

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	<u>Program Services</u>					<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	
	<u>Site Based Program</u>	<u>Scattered Site Program</u>	<u>Housing Navigation Program</u>	<u>Housing Works</u>	<u>Other Programs</u>				<u>2022</u>	<u>2021</u>
Salaries	\$ 882,068	\$ 525,784	\$ 863,320	\$ 475,481	\$ 626,303	\$ 3,372,956	\$ 340,118	\$ 313,608	<b>\$ 4,026,682</b>	\$ 3,741,755
Payroll taxes and employee benefits	158,762	94,635	155,387	85,581	112,727	607,092	61,217	56,446	<b>724,755</b>	691,828
Total personnel costs	<u>1,040,830</u>	<u>620,419</u>	<u>1,018,707</u>	<u>561,062</u>	<u>739,030</u>	<u>3,980,048</u>	<u>401,335</u>	<u>370,054</u>	<b><u>4,751,437</u></b>	<u>4,433,583</u>
Direct program - other	73,477	350,713	1,048,008	915,987	691,224	3,079,409			<b>3,079,409</b>	3,197,924
Scattered site adult master leasing		1,248,920				1,248,920			<b>1,248,920</b>	1,185,675
In-kind mental health services		335,448				335,448			<b>335,448</b>	52,000
Professional fees	9,753	5,813	9,545	5,257	6,925	37,293	3,761	146,042	<b>187,096</b>	64,392
Rent	23,024	13,724	22,534	12,411	16,348	88,041	8,877	8,186	<b>105,104</b>	97,177
Computer maintenance	21,681	12,924	21,221	11,687	15,395	82,908	8,360	7,709	<b>98,977</b>	77,855
Miscellaneous	10,091	6,015	9,877	5,440	7,165	38,588	3,889	3,588	<b>46,065</b>	25,332
Office expenses	7,622	4,543	7,460	4,109	5,412	29,146	2,939	2,710	<b>34,795</b>	24,468
Insurance	7,344	4,378	7,188	3,959	5,214	28,083	2,831	2,611	<b>33,525</b>	26,195
Depreciation						32,398			<b>32,398</b>	32,397
Supplies	4,727	2,817	4,626	2,548	3,356	18,074	1,823	1,680	<b>21,577</b>	24,803
Accounting	4,491	2,677	4,395	2,421	3,189	17,173	1,730	1,597	<b>20,500</b>	13,300
Printing and production	4,000	2,385	3,915	2,156	2,840	15,296	1,544	1,422	<b>18,262</b>	16,768
Telephone	1,348	804	1,320	727	957	5,156	520	479	<b>6,155</b>	5,691
Postage	903	538	884	487	641	3,453	349	321	<b>4,123</b>	7,740
<b>TOTAL 2022 FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,209,291</u></b>	<b><u>\$ 2,612,118</u></b>	<b><u>\$ 2,159,680</u></b>	<b><u>\$ 1,528,251</u></b>	<b><u>\$ 1,530,094</u></b>	<b><u>\$ 9,039,434</u></b>	<b><u>\$ 437,958</u></b>	<b><u>\$ 546,399</u></b>	<b><u>\$ 10,023,791</u></b>	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b><u>\$ 1,259,324</u></b>	<b><u>\$ 2,221,604</u></b>	<b><u>\$ 2,259,830</u></b>	<b><u>\$ 1,750,873</u></b>	<b><u>\$ 927,109</u></b>	<b><u>\$ 8,418,740</u></b>	<b><u>\$ 492,720</u></b>	<b><u>\$ 373,840</u></b>		<b><u>\$ 9,285,300</u></b>

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 329,534	\$ 1,334,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,398	32,397
Dividends reinvested	(309)	(129)
Loss (gain) on investment	2,883	(3,955)
(Increase) decrease in operating assets:		
Accounts receivable	(408,507)	8,587
Pledges receivable	50,000	(75,000)
Prepaid expenses	(1,498)	(10,707)
Increase (decrease) in operating liabilities:		
Accounts payable	23,955	(25,276)
Accrued liabilities	143,361	(37,376)
Deferred revenue	132,375	-
Refundable government advances - paycheck protection program loan	-	(580,705)
	<b>304,192</b>	<b>641,903</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
	<b>304,192</b>	<b>641,903</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>304,192</b>	<b>641,903</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,548,264</b>	<b>1,906,361</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,852,456</b>	<b>\$ 2,548,264</b>

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**1. Organization**

Contra Costa Interfaith Transitional Housing, Inc. dba: Hope Solutions and Subsidiary was organized under the laws of the State of California and incorporated in 1997 as a nonprofit corporation.

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

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

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

Hope Solutions' subsidiary, Contra Costa Interfaith Housing MHSA Holding Company, LLC ("MHSA, LLC") owns three permanent supportive housing homes, which house single adults with mental health challenges. The homes each have a mortgage with the California Housing Finance Agency (CHFA).

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies**

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

**Basis of Presentation**

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

**Net Assets**

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

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

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

**Cash and Cash Equivalents**

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

**Accounts Receivable**

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

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

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**2. Summary of Significant Accounting Policies, continued**

**Contributions and Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is deemed immaterial and accordingly not recorded as of June 30, 2022. Conditional promises to give are not included as support until the conditions are substantially met.

**Investments**

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

**Fair Value Measurements**

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

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

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

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

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

**Concentration of Credit Risks**

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

The primary receivable balance outstanding at June 30, 2022 consists of government contract receivables due from county granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Hope Solutions and Subsidiary's receivables consist of earned fees from contract programs granted by governmental agencies.

continued

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

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**2. Summary of Significant Accounting Policies, continued**

**Property and Equipment**

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

**Deferred Revenue**

Deferred revenue consists of contract funds received in advance of the occurrence of the related contract costs or the performance of the related services.

**Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Hope Solutions has a memorandum of understanding whereby Contra Costa County Health Services provides mental health and outpatient services to participants in Hope Solutions' programs. The county provides an annual report detailing the individual who received the services, the service date, and the value of the services provided (the amount that would be charged for a cash paying patient). The fair value of these in-kind services, for programs, was \$335,448 for the year ended June 30, 2022. Hope Solutions does not monetize these services.

**Income Taxes**

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**2. Summary of Significant Accounting Policies, continued**

**Functional Allocation of Expenses**

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

**Use of Estimates**

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

**Recently Adopted Accounting Pronouncement**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. Hope Solutions and Subsidiary's financial statements for the year ended June 30, 2022 are presented in accordance with ASU 2020-07.

**Comparative Totals**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Hope Solutions and Subsidiary's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Subsequent Events**

Management has evaluated subsequent events through March 2, 2023, the date which the consolidated financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the consolidated financial statements.

continued

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

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**3. Liquidity and Availability of Resources**

Hope Solutions receives significant contributions, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Of the \$2,213,935 in restricted net assets reported, \$2,206,835 will be eligible for release from restriction in the coming fiscal year. Management closely monitors cash balances, and the Director of Finance prepares cash flow projections at least monthly. Hope Solutions has a \$750,000 line of credit that can be used to meet short-term cash flow needs, if necessary. In 2022, Hope Solutions did not access the line of credit and maintained a zero balance.

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

As of June 30, 2022, the following information shows the total financial assets held by Hope Solutions and Subsidiary and the amounts of those financial assets that could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 2,852,456
Accounts receivable	<u>1,998,959</u>
Total liquid financial assets at year-end	4,851,415
Less: housing program reserve accounts	<u>(1,340,951)</u>
Liquid financial assets available to meet general expenditures within one year	<u>\$ 3,510,464</u>

**4. Pledge Receivable**

Pledge receivable is recorded as support when pledged unless designated otherwise. Management deems the pledge receivable to be collectible; accordingly, no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at June 30, 2022. The pledge receivable at June 30, 2022, of \$75,000 is expected to be collected within the year.

**5. Investments**

Investments at June 30, 2022 consist of the following:

Mutual funds	<u>\$17,987</u>
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continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.  
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**6. Fair Value Measurements**

The table below presents the balances of assets measures at fair value at June 30, 2022 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$17,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$17,987</u>

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

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed services	<u>\$ -</u>	<u>\$335,448</u>	<u>\$ -</u>	<u>\$335,448</u>

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

**7. Property and Equipment**

Property and equipment at June 30, 2022 consist of the following:

Building	\$ 971,923
Land	633,077
Furniture and equipment	58,281
Leasehold improvements	<u>11,218</u>
	1,674,499
Less: accumulated depreciation	<u>(145,093)</u>
	<u>\$1,529,406</u>

Depreciation expense for the year ended June 30, 2022 was \$32,398.

**8. Accrued Liabilities**

Accrued liabilities at June 30, 2022 consist of the following:

Accrued vacation	\$226,410
Accrued payroll related liabilities	151,924
HUD scattered site support housing program landlord deposits	109,947
Other rental deposits	69,695
Other accrued liabilities	<u>26,012</u>
	<u>\$583,988</u>

continued

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

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**9. Line of Credit**

Hope Solutions has a revolving line of credit with Wells Fargo bank, in the amount of \$750,000, at a variable interest rate, due October 10, 2023. There was no outstanding balance on the line of credit at June 30, 2022.

**10. Notes Payable**

Notes payable at June 30, 2022 consists of the following:

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

Maturities for notes payable are as follows:

<u>Year ending June 30,</u>	
2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	<u>1,528,700</u>
	<u>\$1,528,700</u>

**11. Commitments and Contingencies**

**Contracts**

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

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.**  
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**11. Commitments and Contingencies, continued**

**Impact of COVID-19 Virus**

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

In response to this outbreak, Hope Solutions and Subsidiary’s county health department mandated the closure of non-essential businesses. Hope Solutions, as a social services organization, was deemed an essential business and thus Hope Solutions and Subsidiary were permitted to remain open, albeit with a skeleton office crew, performing most of their operations remotely. Hope Solutions and Subsidiary pivoted quickly to the virtual work environment and continued to meet or exceed program benchmarks and goals in terms of hours, types, and effectiveness of services. During the fiscal year ended June 30, 2022, Hope Solutions and Subsidiary’s employees continued to use a hybrid work approach where employees worked in the office on a part time basis, working from home the remaining time. This allowed those employees in the office to continue practicing safety protocols including social distancing. All local county health mandates and safety protocols continue to be followed.

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

**12. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2022 consist of the following:

MHSA housing restricted reserve accounts	\$1,340,951
Capital funding donations	602,194
TAY program	241,109
Donor restricted endowment earnings (Note 13)	10,887
Homework club donations	10,753
Scholarships	4,478
Other	3,563
	<u>\$2,213,935</u>

For the year ended June 30, 2022, net assets released from restrictions were \$122,749, of which was for program restrictions.

continued

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.  
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**13. Endowment Funds**

Net assets with donor restrictions that are perpetual in nature represent contributions which the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends therefrom may be expended for purposes without any restrictions. At June 30, 2022, net assets with donor restrictions that are perpetual in nature were \$7,100.

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

Hope Solutions classifies as net assets with donor restrictions that are perpetual in nature, (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in perpetual in nature is classified as net assets with donor restrictions that are purpose restricted until those amounts are appropriated for expenditure by Hope Solutions and Subsidiary.

**Investment Objectives, Asset Allocation, and the Disbursement Policy**

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

Endowment net assets composition by type of fund as of June 30, 2022:

Donor-restricted endowment funds:

Original donor-restricted gift amount - perpetual in nature	\$ 7,100
Accumulated investment income (included in net assets with donor donor restrictions as available upon appropriation)	<u>10,887</u>
	<u>\$17,987</u>

Changes in endowment net assets for the year ended June 30, 2022:

Endowment net assets, beginning of year	\$ 20,561
Net depreciation	(2,883)
Dividend income	<u>309</u>
Endowment net assets, end of year	<u>\$17,987</u>

continued

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

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**14. Government Contracts**

Government contracts for the year ended June 30, 2022 consist of the following:

Housing Works Program	\$1,543,785
U.S. Housing and Urban Development - FISH	1,095,715
U.S. Housing and Urban Development - Consolidated Access	1,068,561
Probation Navigation	892,977
Housing Navigation / Coordinated Entry	608,521
Transition Age Youth	474,731
MHSA: Mental Health Services Act Prevention & Early Intervention Services	397,041
HDAP - Housing Navigation	390,852
Emergency Housing Voucher Program	288,111
HIV/AIDS Case Management	235,467
Family & Children's Trust Committee Strengthening Vulnerable Families Program	80,000
Shelter Plus Care	79,318
WCCC School District	57,309
Mental Health Services Act Workforce Education Training Services	39,746
Board of State Corrections	34,292
Community Action Projects (Community Services Block Grant)	33,432
Bay Area Community Services	27,921
Keller Canyon Grant	10,000
	<u>\$7,357,779</u>

## SUPPLEMENTAL INFORMATION

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**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.  
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CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
For the year ended June 30, 2022

	Hope Solutions			CCIH MHSA Holding Company, LLC		Total	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions			
<b>ASSETS</b>								
Cash and cash equivalents (Note 2)	\$ 704,892	\$ 787,097	\$ 1,491,989	\$ 19,516	\$ -	\$ 19,516	\$ -	\$ 1,511,505
Cash - MHSA housing reserve accounts					1,340,951	1,340,951		1,340,951
Total cash	704,892	787,097	1,491,989	19,516	1,340,951	1,360,467		2,852,456
Accounts receivable	1,988,618		1,988,618	10,341		10,341		1,998,959
Pledge receivable (Note 4)		75,000	75,000			-		75,000
Prepaid expenses	134,915		134,915			-		134,915
Investments (Note 5)		17,987	17,987			-		17,987
Property and equipment (Note 7)			-	1,529,406		1,529,406		1,529,406
<b>TOTAL ASSETS</b>	<b>\$ 2,828,425</b>	<b>\$ 880,084</b>	<b>\$ 3,708,509</b>	<b>\$ 1,559,263</b>	<b>\$ 1,340,951</b>	<b>\$ 2,900,214</b>	<b>\$ -</b>	<b>\$ 6,608,723</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 106,460	\$ -	\$ 106,460	\$ 10,857	\$ -	\$ 10,857	\$ -	\$ 117,317
Accrued liabilities (Note 8)	577,419		577,419	6,569		6,569		583,988
Deferred revenue (Note 2)	132,375		132,375			-		132,375
Notes payable (Note 10)			-	1,528,700		1,528,700		1,528,700
<b>TOTAL LIABILITIES</b>	<b>816,254</b>	<b>-</b>	<b>816,254</b>	<b>1,546,126</b>	<b>-</b>	<b>1,546,126</b>	<b>-</b>	<b>2,362,380</b>
<b>NET ASSETS</b>								
Without donor restrictions	2,012,171		2,012,171	13,137		13,137		2,025,308
With donor restrictions								
Purpose restrictions (Note 12)		872,984	872,984		1,340,951	1,340,951		2,213,935
Perpetual in nature (Note 13)		7,100	7,100			-		7,100
<b>TOTAL NET ASSETS</b>	<b>2,012,171</b>	<b>880,084</b>	<b>2,892,255</b>	<b>13,137</b>	<b>1,340,951</b>	<b>1,354,088</b>	<b>-</b>	<b>4,246,343</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,828,425</b>	<b>\$ 880,084</b>	<b>\$ 3,708,509</b>	<b>\$ 1,559,263</b>	<b>\$ 1,340,951</b>	<b>\$ 2,900,214</b>	<b>\$ -</b>	<b>\$ 6,608,723</b>

See independent auditors' report

**CONTRA COSTA INTERFAITH TRANSITIONAL HOUSING, INC.  
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CONSOLIDATING SCHEDULE OF ACTIVITIES  
For the year ended June 30, 2022

	Hope Solutions			CCIH MHSA Holding Company, LLC			Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>REVENUE AND SUPPORT</b>								
Government contract revenue (Note 14)	\$ 7,357,779	\$ -	\$ 7,357,779	\$ -	\$ -	\$ -	\$ -	\$ 7,357,779
Service fees	1,111,816		1,111,816			-		1,111,816
Contributions	813,592	253,512	1,067,104			-		1,067,104
Donated materials and services	335,448		335,448			-		335,448
Special events - net of expenses of \$128,981	235,417		235,417			-		235,417
Scattered site adult rental income	194,378		194,378			-		194,378
MHSA housing rental income			-	44,033		44,033		44,033
Interest income	1		1		6,211	6,211		6,212
Dividend income		4,021	4,021			-		4,021
Loss on investments		(2,883)	(2,883)			-		(2,883)
Net asset released from restrictions (Note 12)	106,401	(106,401)	-	16,348	(16,348)	-		-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>10,154,832</b>	<b>148,249</b>	<b>10,303,081</b>	<b>60,381</b>	<b>(10,137)</b>	<b>50,244</b>	<b>-</b>	<b>10,353,325</b>
<b>EXPENSES</b>								
Program services	8,950,758		8,950,758	88,676		88,676		9,039,434
Management and general	437,958		437,958			-		437,958
Fundraising	546,399		546,399			-		546,399
<b>TOTAL EXPENSES</b>	<b>9,935,115</b>	<b>-</b>	<b>9,935,115</b>	<b>88,676</b>	<b>-</b>	<b>88,676</b>	<b>-</b>	<b>10,023,791</b>
<b>CHANGE IN NET ASSETS</b>	<b>219,717</b>	<b>148,249</b>	<b>367,966</b>	<b>(28,295)</b>	<b>(10,137)</b>	<b>(38,432)</b>	<b>-</b>	<b>329,534</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,792,454</b>	<b>731,835</b>	<b>2,524,289</b>	<b>41,432</b>	<b>1,351,088</b>	<b>1,392,520</b>		<b>3,916,809</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,012,171</b>	<b>\$ 880,084</b>	<b>\$ 2,892,255</b>	<b>\$ 13,137</b>	<b>\$ 1,340,951</b>	<b>\$ 1,354,088</b>	<b>\$ -</b>	<b>\$ 4,246,343</b>

See independent auditors' report