

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

FRIENDSHIP HOME OF LINCOLN, INC.
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friendship Home of Lincoln, Inc.
Lincoln, Nebraska

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Friendship Home of Lincoln, Inc. (a nonprofit organization), and wholly-owned subsidiary, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 Friendship Home of Lincoln, Inc., and wholly-owned subsidiary, as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in conformity 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 Friendship Home of Lincoln, 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 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 consolidated 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 Friendship Home of Lincoln, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's 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 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 consolidated 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 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 consolidated 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 Friendship Home of Lincoln, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friendship Home of Lincoln 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The supplementary schedules on pages 26 - 28 are provided for additional analysis and are also not a required part of the consolidated financial statements. The supplementary schedules on pages 26 - 28 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such

information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules on pages 26 - 28 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2024, on our consideration of Friendship Home of Lincoln, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Friendship Home of Lincoln, Inc.'s internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Lincoln, Nebraska
August 7, 2024

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	2,548,557	1,871,284
Grants receivable	526,324	775,892
Prepaid expenses	18,189	20,176
Pledges receivable (Note 6)	125,197	83,088
Total current assets	<u>3,218,267</u>	<u>2,750,440</u>
PROPERTY AND EQUIPMENT, at cost		
Land	86,905	86,905
Building and improvements	1,995,131	2,013,513
Equipment	102,982	105,243
	<u>2,185,018</u>	<u>2,205,661</u>
Less accumulated depreciation	<u>(1,421,966)</u>	<u>(1,374,803)</u>
Total property and equipment, at cost	<u>763,052</u>	<u>830,858</u>
OTHER ASSETS		
Pledges receivable (Note 6)	190,250	120,300
Restricted cash	248,693	245,156
Investments (Note 4)	2,431,015	2,459,688
Total other assets	<u>2,869,958</u>	<u>2,825,144</u>
TOTAL ASSETS	<u>6,851,277</u>	<u>6,406,442</u>

See accompanying notes to financial statements.

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES		
Accounts payable	25,301	33,098
Vacation leave payable	78,247	98,889
Other accrued liabilities	7,766	8,148
Unearned income	250,506	166,015
Total current liabilities	<u>361,820</u>	<u>306,150</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	641,463	510,574
Net investment in property and equipment	663,052	730,858
Designated	2,008,205	1,920,376
Net assets with donor restrictions		
Restricted by purpose or time	2,882,180	2,643,927
Restricted by perpetuity	294,557	294,557
Total net assets	<u>6,489,457</u>	<u>6,100,292</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>6,851,277</u>	 <u>6,406,442</u>

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions	1,234,172		1,234,172	1,210,354		1,210,354
Contributions - in-kind	120,079		120,079	262,497		262,497
Federal financial assistance	1,492,158		1,492,158	1,531,358		1,531,358
Other governmental grants	501,839		501,839	425,224		425,224
Allocations	109,916		109,916	107,086		107,086
Other grants	113,481	415,572	529,053	261,348	382,609	643,957
Program fees	2,543		2,543	2,919		2,919
Investment return	94,224	184,122	278,346	(50,898)	(195,100)	(245,998)
Other income	9,488		9,488	50,431		50,431
	<u>3,677,900</u>	<u>599,694</u>	<u>4,277,594</u>	<u>3,800,319</u>	<u>187,509</u>	<u>3,987,828</u>
Net assets released from restrictions						
Satisfaction of program restrictions	361,441	(361,441)		152,387	(152,387)	
Total revenue, gains, and other support	<u>4,039,341</u>	<u>238,253</u>	<u>4,277,594</u>	<u>3,952,706</u>	<u>35,122</u>	<u>3,987,828</u>
EXPENSES						
Program services						
Emergency shelter	2,100,144		2,100,144	2,079,435		2,079,435
Transitional shelter	689,278		689,278	603,076		603,076
Permanent shelter	423,687		423,687	290,331		290,331
Supporting services						
Management and general	444,086		444,086	471,756		471,756
Fundraising	231,234		231,234	252,851		252,851
Total expenses	<u>3,888,429</u>		<u>3,888,429</u>	<u>3,697,449</u>		<u>3,697,449</u>
CHANGE IN NET ASSETS	150,912	238,253	389,165	255,257	35,122	290,379
NET ASSETS, beginning of year	<u>3,161,808</u>	<u>2,938,484</u>	<u>6,100,292</u>	<u>2,906,551</u>	<u>2,903,362</u>	<u>5,809,913</u>
NET ASSETS, end of year	<u>3,312,720</u>	<u>3,176,737</u>	<u>6,489,457</u>	<u>3,161,808</u>	<u>2,938,484</u>	<u>6,100,292</u>

See accompanying notes to financial statements.

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023						2022					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Emergency Shelter	Transitional Shelter	Permanent Shelter	Management and General	Fundraising	Total	Emergency Shelter	Transitional Shelter	Permanent Shelter	Management and General	Fundraising	Total
EXPENSES												
Salaries	1,229,022	325,355	160,806	296,414	122,422	2,134,019	1,042,534	322,186	137,675	343,545	134,309	1,980,249
Employee benefits and payroll taxes	230,714	65,823	34,062	55,958	21,432	407,989	229,772	59,171	33,610	23,141	(1,327)	344,367
Professional fees	73,966	12,441	10,241	58,977	57,801	213,426	57,006	110	44	70,870	50,584	178,614
Supplies	50,310	14,827	3,614	4,703	3,188	76,642	178,479	10,312	1,200	5,217	731	195,939
Food	41,892	838	4,430		258	47,418	44,440	1,702			2,805	48,947
Telephone	48,368	22,988	1,461	5,496	1,099	79,412	48,464	21,851	647	5,508	1,101	77,571
Postage	3,333			370	7,515	11,218	3,763			418	12,449	16,630
Occupancy	184,790	226,750	176,966	5,592	1,686	595,784	264,121	172,116	105,161	6,042	525	547,965
Rental and equipment maintenance	3,517			400	80	3,997	6,320			1,287	111	7,718
Printing and publications	1,253			139	10,753	12,145	283			32	46,188	46,503
Travel	28,450	2,476	7,599	173	680	39,378	22,705	3,932	4,003	4	943	31,587
Conferences	2,630	4,971		1,550	584	9,735	1,082	58		2,237	1,610	4,987
Direct aid	77,249	6,047	21,820			105,116	57,166	7324	7,720			72,210
Dues and subscriptions	4,307					4,307	4,396					4,396
Awards	750					750	1,191			241	4	1,436
Insurance	46,968	1,180		5,338	1,067	54,553	41,055	2,473		4,946	990	49,464
Miscellaneous	14,097	4,256	2,688	2,349	1,344	24,734	8,782	263	271	375	250	9,941
Loss on disposal of assets	1,535					1,535	6,706	156		780	156	7,798
	<u>2,043,151</u>	<u>687,952</u>	<u>423,687</u>	<u>437,459</u>	<u>229,909</u>	<u>3,822,158</u>	<u>2,018,265</u>	<u>601,654</u>	<u>290,331</u>	<u>464,643</u>	<u>251,429</u>	<u>3,626,322</u>
Depreciation	<u>56,993</u>	<u>1,326</u>		<u>6,627</u>	<u>1,325</u>	<u>66,271</u>	<u>61,170</u>	<u>1,422</u>		<u>7,113</u>	<u>1,422</u>	<u>71,127</u>
TOTAL EXPENSES	<u>2,100,144</u>	<u>689,278</u>	<u>423,687</u>	<u>444,086</u>	<u>231,234</u>	<u>3,888,429</u>	<u>2,079,435</u>	<u>603,076</u>	<u>290,331</u>	<u>471,756</u>	<u>252,851</u>	<u>3,697,449</u>

See accompanying notes to financial statements.

FRIENDSHIP HOME OF LINCOLN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>389,165</u>	<u>290,379</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	66,271	71,127
Loss on disposal of assets	1,535	7,798
Unrealized (gain) loss on investments	(149,118)	281,424
Realized (gain) loss on investments	(30,282)	20,175
(Increase) decrease in operating assets:		
Grants receivable	249,568	(84,802)
Prepaid expenses	1,987	24,037
Pledges receivable	(112,059)	27,372
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(28,821)	(77,359)
Unearned income	<u>84,491</u>	<u>(21,649)</u>
Total adjustments	<u>83,572</u>	<u>248,123</u>
Net cash provided by operating activities	<u>472,737</u>	<u>538,502</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	323,740	169,344
Purchases of investments	(115,667)	(531,324)
Payments for property and equipment	<u> </u>	<u>(62,316)</u>
Net cash provided by (used in) investing activities	<u>208,073</u>	<u>(424,296)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	680,810	114,206
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, beginning of year	<u>2,116,440</u>	<u>2,002,234</u>
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS, end of year	<u><u>2,797,250</u></u>	<u><u>2,116,440</u></u>
COMPONENTS OF CASH		
Cash and cash equivalents	2,548,557	1,871,284
Restricted cash	<u>248,693</u>	<u>245,156</u>
	<u><u>2,797,250</u></u>	<u><u>2,116,440</u></u>

See accompanying notes to financial statements.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Friendship Home of Lincoln, Inc. (Friendship Home) (the Organization), is a nonprofit corporation organized to provide emergency shelter for victims of domestic violence and their children. Friendship Home is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Nebraska law. Friendship Home is classified by the Internal Revenue Service as an organization other than a private foundation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Friendship Home of Lincoln, Inc., and its wholly-owned limited liability company (the Subsidiary) which was formed during the year ended December 31, 2018. All significant inter-company transactions and balances have been eliminated in consolidation.

Basis of Accounting

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

Net Asset Classification

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific use or invested in property and equipment.

Net Assets With Donor Restrictions

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

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification (Continued)

Net Assets With Donor Restrictions (Continued)

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Contributions

The Organization utilizes Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities Revenue Recognition*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Revenue With or Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purpose of property and equipment.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue With or Without Donor Restrictions (Continued)

Otherwise, donor restrictions on contributions of property and equipment of assets restricted for purchase of property or equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant amounts awarded, but not received, are reported as receivables. Grant revenue is recognized in the period the grant is awarded, provided it is unconditional, and is recorded as revenue in net assets with or without donor restrictions, depending on the grantor's intent. Unrestricted grant program revenues represent grant dollars received which were either not restricted by the donor, or for which restrictions were met in the year received. Conditional grants are recognized as revenue is earned.

Investment earnings on contributions and grants are recorded based on donor restrictions, if any.

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable have been adjusted for all known uncollectible accounts. No allowance for bad debts is considered necessary at year end.

Investments

The Organization utilizes FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. FASB ASC 958-320 sets standards of reporting at fair value certain investments and debt and equity securities, held by not-for-profit organizations.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. It is the policy of the Organization to capitalize equipment with a value of \$5,000 or greater.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 3 - 39 years.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Subsidiary is organized as a limited liability company for the exclusive benefit of the Organization and wholly-owned by the Organization.

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time studies, square footage of space used, or other appropriate measures.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

FASB Accounting Standards Update (ASU) 2016-02, Topic 842, *Leases*, was implemented beginning January 1, 2022. Under the standard, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as a variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset or liability for those leases. Lease payments for short-term leases are recognized on a straight-line basis.

Compensated Absences

Employees' vacation benefits are recognized in the period earned.

Advertising

Advertising costs of the Organization are expensed as incurred.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, the Organization's uninsured cash balances at financial institutions totaled \$517,367 and \$316,997, respectively, with \$46,517 and \$55,895, respectively, in outstanding checks.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. CONCENTRATION OF CREDIT RISK (Continued)

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of receivables with a variety of grantors and others. Such credit risk is considered by management to be limited due to the Organization's broad grantors' financial resources.

NOTE 3. PROPERTY AND EQUIPMENT

The major classes of property and equipment in service at December 31, 2023 and 2022, are as follows:

	2023	2022
Land	86,905	86,905
Building and improvements	1,995,131	2,013,513
Equipment	102,982	105,243
	<u>2,185,018</u>	<u>2,205,661</u>
Less accumulated depreciation	<u>(1,421,966)</u>	<u>(1,374,803)</u>
Total property and equipment	<u><u>763,052</u></u>	<u><u>830,858</u></u>

NOTE 4. INVESTMENTS

The Organization utilizes FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended December 31, 2023 and 2022, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2023, at fair value on a recurring basis.

	2023			
	Total	Level 1	Level 2	Level 3
US Treasury Bills	215,159		215,159	
Exchange Traded Funds				
Domestic Equity	441,150	441,150		
Foreign Equity	115,827	115,827		
Mutual Funds				
Fixed Income Funds	492,785	492,785		
Equity Securities				
U.S. Companies	1,166,094	1,166,094		
Total	<u>2,431,015</u>	<u>2,215,856</u>	<u>215,159</u>	<u> </u>

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

Fair Value on a Recurring Basis (Continued)

The table below presents the balances of assets measured at December 31, 2022, at fair value on a recurring basis.

	2022			
	Total	Level 1	Level 2	Level 3
US Treasury Bills	410,573		410,573	
Exchange Traded Funds				
Domestic Equity	360,594	360,594		
Foreign Equity	109,480	109,480		
Mutual Funds				
Fixed Income Funds	474,386	474,386		
Equity Securities				
U.S. Companies	<u>1,104,655</u>	<u>1,104,655</u>		
Total	<u>2,459,688</u>	<u>2,049,115</u>	<u>410,573</u>	

Level 2 Measurements

Fair values for investments in debt securities are determined by reference to yield curves and quoted prices for similar securities.

The carrying amounts, market value, unrealized gains, and unrealized losses at December 31, 2023 and 2022, are as follows:

	2023		
	Cost	Unrealized Gain (Loss)	Market Value
US Treasury Bills	197,161	17,998	215,159
Exchange Traded Funds	298,454	258,523	556,977
Fixed Income Funds	525,787	(33,002)	492,785
Equity Securities	<u>653,914</u>	<u>512,180</u>	<u>1,166,094</u>
Total	<u>1,675,316</u>	<u>755,699</u>	<u>2,431,015</u>

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

	2022		
	Cost	Unrealized Gain (Loss)	Market Value
US Treasury Bills	406,646	3,927	410,573
Exchange Traded Funds	301,169	168,905	470,074
Fixed Income Funds	522,280	(47,894)	474,386
Equity Securities	623,012	481,643	1,104,655
Total	<u>1,853,107</u>	<u>606,581</u>	<u>2,459,688</u>

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

A summary of return on investments consists of the following for the years ended December 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	41,838	57,108	98,946
Realized gains (losses)	(717)	30,999	30,282
Unrealized gains (losses)	53,103	96,015	149,118
	<u>94,224</u>	<u>184,122</u>	<u>278,346</u>

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	9,105	46,496	55,601
Realized gains (losses)	208	(20,383)	(20,175)
Unrealized gains (losses)	(60,211)	(221,213)	(281,424)
	<u>(50,898)</u>	<u>(195,100)</u>	<u>(245,998)</u>

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. DONOR-DESIGNATED ENDOWMENTS

The Organization's endowments include a Special Donor Fund and other individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has a formal investment policy that was approved by the Board of Directors effective November 2010. The overall investment objective of the policy is to provide long-term appreciation of capital and limit risk through diversification. At December 31, 2023, the endowments were held in exchange traded funds and fixed income funds and the investments of the Special Donor Fund are invested in equity securities.

Spending Policy

The Organization implemented a formal spending policy in 2017.

Friendship Home established the following spending policy with regard to the use of available investment accounts, subject to donor restriction:

Up to 4% of the total market value of the available funds may be distributed annually based upon a 3-year rolling average of market values of the investment accounts as of December 31, the fiscal year of the Friendship Home.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. DONOR-DESIGNATED ENDOWMENTS (Continued)

Spending Policy (Continued)

The spending policy is based on a percentage of portfolio assets using the smoothing term model, which provides a consistent withdrawal percentage in perpetuity.

Endowment net asset composition by type of fund as of December 31, 2023 and 2022, is as follows:

2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Board-restricted endowment funds	475,501		475,501
Donor-restricted endowment funds		1,378,625	1,378,625
Total	<u>475,501</u>	<u>1,378,625</u>	<u>1,854,126</u>
2022	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Board-restricted endowment funds	426,890		426,890
Donor-restricted endowment funds		1,300,265	1,300,265
Total	<u>426,890</u>	<u>1,300,265</u>	<u>1,727,155</u>

Changes in endowment net assets as of December 31, 2023 and 2022, are as follows:

2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	426,890	1,300,265	1,727,155
Investment income (net)	48,611	101,360	149,971
Amounts appropriated for expenditure		(23,000)	(23,000)
Endowment net assets, end of year	<u>475,501</u>	<u>1,378,625</u>	<u>1,854,126</u>
2022	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	500,481	1,438,712	1,939,193
Investment income (net)	(73,591)	(99,447)	(173,038)
Amounts appropriated for expenditure		(39,000)	(39,000)
Endowment net assets, end of year	<u>426,890</u>	<u>1,300,265</u>	<u>1,727,155</u>

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. PLEDGES RECEIVABLE

Annually, the Organization initiates fundraising campaigns to fund their program services. The Organization has determined that discounting pledges receivable to their present value would have an immaterial effect on the financial statements as a whole and no such adjustment has been made to the financial records. The collection schedule of the pledges receivable at December 31, 2023 and 2022, is as follows:

	2023	2022
Receivable in less than one year	125,197	83,088
Receivable in 1 - 4 years	190,250	118,000
Receivable in 5 - 7 years	<u> </u>	<u>2,300</u>
Net pledges receivable	<u>315,447</u>	<u>203,388</u>

NOTE 7. GRANTS RECEIVABLE

Approximately 52% of grants receivable at December 31, 2023, and 71% of grants receivable at December 31, 2022, were from one of the Organization's grantors.

Balances of grants receivable are as follows:

	12/31/23	12/31/22	1/1/22
Grants receivable	<u>526,324</u>	<u>775,892</u>	<u>691,090</u>

NOTE 8. RETIREMENT PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers regular scheduled employees of the Organization. The Organization contributes up to 6% of employee contributions for qualified employees to the plan based on years of service. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. Plan expenses were \$36,265 and \$42,305 for the years ended December 31, 2023 and 2022, respectively.

NOTE 9. LINCOLN COMMUNITY FOUNDATION ENDOWMENTS

The Organization has been named the beneficiary in two endowment funds held and managed by the Lincoln Community Foundation of which the Organization is entitled to receive annual distributions in November of each year. The total distributions received from these endowment funds during the years ended December 31, 2023 and 2022, were \$13,864 and \$14,847, respectively.

NOTE 10. DESIGNATED NET ASSETS

The Board of Directors has appropriated net assets without donor restrictions for the establishment of an operating reserve, building fund, and endowments.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. DESIGNATED NET ASSETS (Continued)

Balances of each of the categories are as follows:

	2023	2022
Operating reserve	1,532,704	1,493,486
Permanent endowment for operations	226,808	181,734
Nonpermanent endowment for operations	248,693	245,156
Building Fund	663,052	730,858
	<u>2,671,257</u>	<u>2,651,234</u>

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions restricted by purpose or time for December 31, 2023 and 2022, were:

	2023	2022
Building Fund	309,524	305,637
Contributions for future operations	709,149	610,812
Managed Fund for operations	696,531	621,770
Special Donor Fund for operations	1,166,976	1,105,708
	<u>2,882,180</u>	<u>2,643,927</u>

During 2006, the Special Donor Fund was increased by a donation which allows the Organization to use the income from the investments for operations but restricting the use of the principal until June of 2026. The principal is invested in equity securities (See Note 4) in the amounts of \$1,166,094 and \$1,105,708 at December 31, 2023 and 2022, respectively.

Net assets with donor restrictions restricted in perpetuity for December 31, 2023 and 2022, were:

	2023	2022
Permanent endowments for operations	194,557	194,557
Building Fund	100,000	100,000
	<u>294,557</u>	<u>294,557</u>

When the Organization constructed their shelter building the City loaned funds and accordingly noted that should the Organization no longer use the property for emergency shelter services or should the property be sold, \$100,000 would be due back to the City. The Organization has recorded the \$100,000 as permanently restricted net assets on the statement of financial position.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. LEASES AND COMMITMENTS

As part of its Transitional Shelter and Single-Family Emergency Shelter programs, the Organization obtains short-term residential leases for some of its clients. The Organization pays for units rented from Lincoln Housing Authority on an annual renewal agreement at various rates ranging from \$475 - \$750 per month. The Organization also pays for units rented from a private landlord on an annual renewal agreement at various rates ranging from \$1,000 - \$1,300 per month. All of these leases are on a month-to-month basis for the clients.

NOTE 13. IN-KIND CONTRIBUTIONS

Friendship Home of Lincoln, Inc., has been operating various facilities in addition to the two main facilities. These additional facilities were made available by the Lincoln Housing Authority. Two of the 27 facilities are made available rent-free and 25 of the facilities are rented by Friendship Home. The approximate fair market value of rent and maintenance for these facilities was \$18,600 and \$19,175, for the years ending December 31, 2023 and 2022, respectively.

In addition, in-kind contributions were received as follows:

	2023	2022
Goods	93,079	198,157
Services	27,000	64,340

NOTE 14. LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	2,548,557	1,871,284
Grants receivable	526,324	775,892
Pledges receivable	125,197	83,088
Restricted cash	248,693	245,156
Investments	<u>2,431,015</u>	<u>2,459,688</u>
Total financial assets available within one year	<u>5,879,786</u>	<u>5,435,108</u>
Less amounts restricted by donors	(3,176,737)	(2,938,484)
Less amounts unavailable to management without Board of Directors' approval	<u>(2,008,205)</u>	<u>(1,920,376)</u>
Total financial assets available to management for general expenditure within one year	<u><u>694,844</u></u>	<u><u>576,248</u></u>

NOTE 15. SUBSEQUENT EVENT

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 7, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	2017-WH-AX-0032	16.736	<u>174,616</u>
Pass-Through Program From: Nebraska Commission on Law Enforcement and Criminal Justice Crime Victim Assistance			
Strength-Centered Transitions	152-2021-VA4001	16.575	144,428
Strength-Centered Transitions	152-2024-VA4004	16.575	64,793
Domestic Violence Shelter	152-2023-VA1001	16.575	392,661
Domestic Violence Shelter	152-2024-VA1044	16.575	<u>205,467</u>
			<u>807,349</u>
Total U.S. Department of Justice			<u>981,965</u>
<u>U.S. Department of Housing and Urban Development</u>			
Continuum of Care Program		14.267	348,943
Pass-Through Program From Family Services Lincoln Emergency Solutions Grant Program	None	14.231	<u>37,267</u>
Total U.S. Department of Housing and Urban Development			<u>386,210</u>
<u>Department of Homeland Security</u>			
Pass-Through Program From Nebraska Department of Health and Human Services			
Family Violence Prevention and Services	69135 Y3	93.671	64,918
Family Violence Prevention and Services	63189 Y3	93.671	<u>10,497</u>
			<u>75,415</u>

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>Department of Health and Human Services</u>			
Pass-Through Program From Nebraska Department of Health and Human Services Family Violence Prevention and Services		97.024	<u>4,000</u>
<u>Department of the Treasury</u>			
Pass-Through Program From Nebraska Commission on Law Enforcement and Criminal Justice Coronavirus Relief Fund - COVID-19		21.019	<u>44,566</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>1,492,156</u></u>

The accompanying notes are an integral part of this schedule.

FRIENDSHIP HOME OF LINCOLN, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Friendship Home of Lincoln, Inc., under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Friendship Home of Lincoln, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Friendship Home of Lincoln, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, Friendship Home of Lincoln, Inc., provided no federal awards to subrecipients.

NOTE 4. INDIRECT COST RATE

Friendship Home of Lincoln, Inc., has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

FRIENDSHIP HOME OF LINCOLN, INC.
OPERATING FUND
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023						2022					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Emergency Shelter	Transitional Shelter	Permanent Shelter	Management and General	Fundraising	Total	Emergency Shelter	Transitional Shelter	Permanent Shelter	Management and General	Fundraising	Total
EXPENSES												
Salaries	1,229,022	325,355	160,806	296,414	122,422	2,134,019	1,042,534	322,186	137,675	343,545	134,309	1,980,249
Employee benefits and payroll taxes	230,714	65,823	34,062	55,958	21,432	407,989	229,772	59,171	33,610	23,141	(1,327)	344,367
Professional fees	69,091	7,252	4,580	58,972	57,801	197,696	57,006	110	44	70,870	50,584	178,614
Supplies	50,310	14,827	3,614	4,703	3,188	76,642	178,479	10,312	1,200	5,217	731	195,939
Food	41,892	838	4,430		258	47,418	44,440	1,702			2,805	48,947
Telephone	48,368	22,988	1,461	5,496	1,099	79,412	48,464	21,851	647	5,508	1,101	77,571
Postage	3,333			370	7,515	11,218	3,763			418	12,449	16,630
Occupancy	184,790	226,750	176,966	5,592	1,686	595,784	215,012	172,116	105,161	6,042	525	498,856
Rental and equipment maintenance	3,517			400	80	3,997	4,885			555	111	5,551
Printing and publications	1,253			139	10,753	12,145	283			32	46,188	46,503
Travel	28,450	2,476	7,599	173	680	39,378	22,705	3,932	4,003	4	943	31,587
Conferences	2,630	4,971		1,550	584	9,735	1,082	58		2,237	1,610	4,987
Direct aid	77,249	6,047	21,820			105,116	57,166	7,324	7,720			72,210
Dues and subscriptions	4,307					4,307	4,396					4,396
Awards	750					750	1,191			241	4	1,436
Insurance	46,968	1,180		5,338	1,067	54,553	41,055	2,473		4,946	990	49,464
Miscellaneous	11,880	4,256	2,688	2,251	1,344	22,419	3,321	263	271	375	250	4,480
TOTAL EXPENSES	<u>2,034,524</u>	<u>682,763</u>	<u>418,026</u>	<u>437,356</u>	<u>229,909</u>	<u>3,802,578</u>	<u>1,955,554</u>	<u>601,498</u>	<u>290,331</u>	<u>463,131</u>	<u>251,273</u>	<u>3,561,787</u>

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

2023							2022				
Program Services			Supporting Services				Program Services		Supporting Services		
Emergency Shelter	Transitional Shelter	Permanent Shelter	Management and General	Fundraising	Total		Emergency Shelter	Transitional Shelter	Management and General	Fundraising	Total
BUILDING FUND											
EXPENSES											
Rental and equipment maintenance							1,435		732		2,167
Miscellaneous	2,217		80		2,297		5,461				5,461
Professional fees	4,875	5,189	5,661		15,725						
Depreciation	56,993	1,326		6,627	1,325	66,271	61,170	1,422	7,113	1,422	71,127
Occupancy							49,109				49,109
Loss on disposal of assets	1,535				1,535		6,706	156	780	156	7,798
TOTAL EXPENSES	65,620	6,515	5,661	6,707	1,325	85,828	123,881	1,578	8,625	1,578	135,662
EMPLOYEE BENEFIT FUND											
EXPENSES											
Miscellaneous			18		18						
Professional fees			5		5						
TOTAL EXPENSES			23		23						

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULE OF ACTIVITIES - UNITED WAY
YEAR ENDED DECEMBER 31, 2023

REVENUES	
United Way allocations	<u>109,916</u>
EXPENSES	
Salaries	71,239
Employee benefits and payroll taxes	14,313
Professional fees	5,981
Supplies	841
Food	1,734
Telephone	2,515
Postage	173
Occupancy	8,891
Rental and equipment maintenance	183
Printing and publications	65
Travel	1,337
Dues and subscriptions	201
Insurance	<u>2,443</u>
Total expenses	<u>109,916</u>
REVENUES OVER EXPENSES	<u><u>- 0 -</u></u>



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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
Friendship Home of Lincoln, Inc.
Lincoln, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Friendship Home of Lincoln, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Friendship Home of Lincoln, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Friendship Home of Lincoln, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Friendship Home of Lincoln, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friendship Home of Lincoln, Inc.'s consolidated 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*.

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 Friendship Home of Lincoln, Inc.'s, internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Friendship Home of Lincoln, Inc.'s, internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Lincoln, Nebraska
August 7, 2024



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Friendship Home of Lincoln, Inc.
Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Friendship Home of Lincoln, 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 Friendship Home of Lincoln, Inc.'s major federal programs for the year ended December 31, 2023. Friendship Home of Lincoln, 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, Friendship Home of Lincoln, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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 Friendship Home of Lincoln, 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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Dana F Cole + Company, LLP

Lincoln, Nebraska
August 7, 2024

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Significant deficiencies identified
that are not considered to be
material weaknesses: ☐ Yes ☒ None reported

Noncompliance matter to the financial
statements disclosed: ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness identified: ☐ Yes ☒ No

Significant deficiencies identified
that are not considered to be
material weaknesses: ☐ Yes ☒ None reported

Type of auditor's report issued on
compliance for major programs: Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR Section 200.516(a): ☐ Yes ☒ No

Identification of programs audited as
major programs:

Crime Victim Assistance 16.575

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

Auditee qualified as a low-risk auditee: ☒ Yes ☐ No

FRIENDSHIP HOME OF LINCOLN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

SECTION II. FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

FRIENDSHIP HOME OF LINCOLN, INC.
PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2023

There were no prior year audit findings and recommendations that required resolution by Friendship Home of Lincoln, Inc., for the year ended December 31, 2022.