Homeward Bound

Financial Statements and
Uniform Guidance Supplementary Reports

June 30, 2022

HOMEWARD BOUND
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Homeward Bound
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Homeward Bound (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeward Bound as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements section of our report. We are required to be independent of Homeward Bound 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Homeward Bound's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Homeward Bound'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.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023 on our consideration of Homeward Bound'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 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 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 Homeward Bound's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Tempe, Arizona
February 2, 2023

HOMEWARD BOUND
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS		
Cash and cash equivalents	$	1,533,185
Grants receivable		937,669
Promises to give, net allowance of $5,000		31,509
Prepaid expenses		50,762
TOTAL CURRENT ASSETS		2,553,125
INVESTMENTS		
Operating investments		699,740
Endowment investments		302,470
		1,002,210
ASSETS RESTRICTED FOR LONG-TERM PURPOSES		
Cash and cash equivalents		29,838
PROPERTY AND EQUIPMENT, net		1,259,664
TOTAL ASSETS	$	4,844,837

See accompanying notes.

HOMEWARD BOUND
STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2022

LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	34,356
Accrued expenses		166,176
TOTAL CURRENT LIABILITIES		200,532
PAYCHECK PROTECTION PROGRAM LOAN		515,993
NOTES PAYABLE, net current portion		800,000
TOTAL LIABILITIES		1,516,525
NET ASSETS		
Without donor restrictions:		
Board designated		500,000
Undesignated		2,390,102
		2,890,102
With donor restrictions		438,210
TOTAL NET ASSETS		3,328,312
TOTAL LIABILITIES AND NET ASSETS	$	4,844,837

HOMEWARD BOUND
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND EARNED REVENUE			
Program service fees	$ 371,905	$ -	$ 371,905
Contributions	597,194	103,997	701,191
Government grants	2,593,104	-	2,593,104
Paycheck Protection Program loan forgiveness	506,435	-	506,435
In-kind donations	47,254	-	47,254
Other income	758	-	758
Release from time and purpose restrictions	395,934	(395,934)	-
	4,512,584	(291,937)	4,220,647
SPECIAL EVENTS			
Special event contributions	226,325	-	226,325
Special event revenue	105,980	-	105,980
Direct benefit to donors	(113,667)	-	(113,667)
	218,638	-	218,638
TOTAL SUPPORT AND EARNED REVENUE	4,731,222	(291,937)	4,439,285
OPERATING EXPENSES			
Program services	3,343,157	-	3,343,157
Management and general	540,176	-	540,176
Fundraising	364,361	-	364,361
	4,247,694	-	4,247,694
CHANGE IN NET ASSETS BEFORE NON-OPERATING INCOME (EXPENSES)	483,528	(291,937)	191,591
NON-OPERATING ACTIVITIES			
Investment return	(91,818)	(41,335)	(133,153)
Loss on disposal of property and equipment	(1,487)	-	(1,487)
Loss on uncollectible promises to give	-	(25,000)	(25,000)
TOTAL NON-OPERATING INCOME (LOSS)	(93,305)	(66,335)	(159,640)
CHANGE IN NET ASSETS	390,223	(358,272)	31,951
NET ASSETS, BEGINNING OF YEAR	2,499,879	796,482	3,296,361
NET ASSETS, END OF YEAR	$ 2,890,102	$ 438,210	$ 3,328,312

See accompanying notes.

HOMEWARD BOUND
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services			Supporting Services			
	Emergency & Transitional Housing	Community Outreach	Total Program Services	Management and General	Fundraising Activities	Direct Donor Benefit	Total Expenses
Salaries and wages	$ 810,507	$ 862,895	$ 1,673,402	$ 293,630	$ 216,250	$ -	$ 2,183,282
Payroll taxes	61,968	63,427	125,395	22,831	16,339	-	164,565
Employee benefits	79,342	80,409	159,751	15,367	21,915	-	197,033
Staff mileage, development and and other associated costs	8,254	8,299	16,553	28,246	7,420	-	52,219
Total personnel services	960,071	1,015,030	1,975,101	360,074	261,924	-	2,597,099
Contracted services	49,696	26,355	76,051	16,926	2,531	-	95,508
Depreciation and amortization	137,296	42,649	179,945	2,516	856	-	183,317
Direct client costs	513,348	105,937	619,285	89	418	-	619,792
Insurance	36,776	9,312	46,088	7,373	4,183	-	57,644
Information technology	13,134	1,840	14,974	9,413	3,807	-	28,194
Marketing and donor development	-	-	-	-	3,881	-	3,881
Merchant fees and bank charges	65	1,474	1,539	3,414	18,303	-	23,256
Miscellaneous	-	-	-	9,965	-	-	9,965
Printing and postage	4,722	2,216	6,938	2,266	5,125	-	14,329
Professional services	-	-	-	63,326	-	-	63,326
Repairs and maintenance	208,854	44,490	253,344	35,277	1,068	-	289,689
Supplies	635	993	1,628	3,353	4,848	-	9,829
Taxes, licenses and dues	14,282	3,130	17,412	11,947	8,658	-	38,017
Travel, events and conferences	932	1,000	1,932	-	43,782	113,667	159,381
Utilities	119,038	29,882	148,920	14,237	4,977	-	168,134
	2,058,849	1,284,308	3,343,157	540,176	364,361	113,667	4,361,361
Direct benefit to donors	-	-	-	-	-	(113,667)	(113,667)
TOTAL EXPENSES	$ 2,058,849	$ 1,284,308	$ 3,343,157	$ 540,176	$ 364,361	$ -	$ 4,247,694

See accompanying notes.

HOMEWARD BOUND
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	31,951
Adjustments to reconcile change in net assets to net cash from operating activities		
Bad debt provision		25,000
Change in discount on promises to give		(10,116)
Depreciation and amortization		183,317
Loss on disposal of property and equipment		1,487
Realized/unrealized loss on investments		150,768
Paycheck Protection Program loan forgiveness		(506,435)
Forgiveness of notes payable		(260,000)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable		(837,993)
Promises to give, net		73,766
Prepaid expenses		43,250
Increase (decrease) in:		
Accounts payable		3,905
Accrued expenses		31,617
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITES		(1,069,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(48,425)
Contributions restricted for investment in long-lived assets and improvements		50,000
Purchases of investments		(200,372)
Proceeds from sales of investments		184,483
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(14,314)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,083,797)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,646,820
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,563,023

RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents - current	$	1,533,185
Cash and cash equivalents - restricted for long-term purposes		29,838
Total cash and cash equivalents	$	1,563,023

See accompanying notes.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Founded in 1990, Homeward Bound's (the "Organization") mission is to meet every family's unique needs on their journey home.

In 2000, the Organization constructed the Thunderbirds Family Village ("TFV"), a five-acre campus that includes 68 apartments comprised of 60 two-bedroom housing units and 8 four-bedroom units, an early childhood learning center, an education and employment center, a teen center, library, laundry facilities, administrative offices, a fitness trail, playgrounds, and a basketball court.

The Organization provides several programs to further its mission, including but not limited to the following:

Emergency and Transitional Housing – Through coordinated entry, families facing homelessness are placed at Homeward Bound while they work with our housing navigation team to secure permanent housing in the community. Emergency shelter clients reside on campus for up to 6 months while transitional clients stay up to 1 year. In 2022, 107 families were served through shelter, representing 362 individuals. Families are provided wrap-around support services including case management, education, workforce development and youth programs. Through this, on average 85% of families successfully achieve permanent housing and of those, 100% do not enter homelessness again.

Community Outreach – To ensure self-sufficiency, Homeward Bound deploys several community outreach programs ranging from homeless prevention/financial assistance, on-site early learning center and housing/resource navigation. In 2022, 107 families were served through community outreach programs, representing 257 individuals.

Homeward Bound provides support to families to achieve permanent housing and self-sufficiency. In 2022 the agency served over 270 families which comprised over 684 individuals

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid financial instruments with an original maturity of ninety days or less at date of acquisition to be cash equivalents. Cash held in accounts with stock brokerage firms are reported as investments as they represent accounts used for the purchases and sales of investments and are excluded from this definition. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are also excluded from this definition.

Promises to Give and Grants Receivable

Unconditional promises to give and certain grants receivable are recognized as revenues in the period the promise or grant is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give that are 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 the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the years in which the promises are received. Amortization of the discounts is included in contributions. In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, the Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Additionally, the Organization reserves a portion of all promises based upon historical uncollectible rates. Promises are charged off against the allowance when they are deemed to be uncollectible. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants receivable at June 30, 2022 are considered to be fully collectible by management and, accordingly, an allowance for doubtful accounts is not deemed necessary.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

A framework for measuring fair value has been established by the Accounting Standards Codification and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

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

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments with readily determinable fair values are measured at fair value in the statement of financial position as determined by quoted market prices in active markets (Level 1). Private company investments are valued using the measurement alternative where the carrying value is adjusted up or down for observable price changes in orderly transactions in identical or similar investments and for impairment, if any. Investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Risk and Uncertainty

The Organization invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes, could materially affect the amount reported in the statements of financial position.

Property and Equipment

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Funds

The Organization's endowment fund consists of one donor established fund to provide funding for specific activities of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continue in perpetuity.

The Organization classifies as net assets with donor restrictions (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 donor-restricted endowment fund also includes accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate board designated and donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the board designated and 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) the Organization's other resources, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds if possible.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Funds (Continued)

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: Under the Organization's endowment spending policy, only the accumulated interest and dividends can be utilized for working capital with Board approval, as long as it does not decrease the original endowment balance.

Net Assets

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

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital improvements.

- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the assets are placed in service.

Revenue Recognition

The majority of the Organization's earned revenue arrangements generally consist of a single performance obligation to transfer promised services.

Program service fees and contract revenue where performance obligations are satisfied at a point in time consist primarily of emergency and transitional housing services, case management, workforce development, and childcare services. The Organization recognizes revenue at a point in time, in the period the services are provided. Amounts are billed in the month the service is provided and each performance obligation is completed. Amounts billed for these services are considered past due at 30 days after invoices are submitted.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions and grants are received and recorded as income and net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization’s policy to classify donor restricted contributions as support without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The Organization has several cost reimbursement contracts with federal and state agencies. The Organization has determined that these contracts are conditional contributions and therefore revenue is recognized when the condition is met, which is as allowable costs are incurred.

In-Kind Donations and Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU was issued to increase the transparency of contributed nonfinancial (non-cash) assets for not-for-profit entities through enhancements to presentation and disclosure. The change in accounting principle was adopted on a retrospective basis as of July 1, 2021. There was no adjustment to the beginning net assets balance as a result of the adoption of this standard.

Donated services are recorded at their estimated fair value if they enhance the Organization’s nonfinancial assets or require specialized skills that the Organization would normally purchase if not provided by donation. No amounts have been reflected in the financial statements for certain donated volunteer services because they did not qualify for recording under the generally accepted accounting principles guidelines. Donated materials and other non-cash assets are recorded at fair value in the period received. Donated use of facilities is recorded at the estimated fair value.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of the meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recognized as costs of direct donor benefits in the accompanying statement of activities.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services benefited. Personnel costs are allocated based on actual employee activities based on time and effort, and indirect expenses are allocated based on the percentage of personnel costs in a particular program or area compared to total personnel costs for the Organization. Occupancy, insurance, office expenses, information technology and depreciation expenses are allocated based on square footage utilized by the function.

Income Tax Status

Homeward Bound qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“the Code”), and accordingly, there is no provision for corporate income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization recognizes uncertain tax positions in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of June 30, 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the year ended June 30, 2022, the Organization did not have any income tax related interest and penalty expense.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management's Use of Estimates

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

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 2, 2023, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, grants receivable, promises to give and investments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures relating to ongoing activities of the various programs offered, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table reflects the Organization's financial assets as of June 30, 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

NOTE 2 LIQUIDITY AND AVAILABILITY (Continued)

As of June 30, 2022, 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, are comprised of the following:

Cash and cash equivalents	$ 1,563,023
Promises to give, net	31,509
Grants receivable	937,669
Operating investments	699,740
	3,231,941
Less:	
Board designated reserves	(500,000)
Cash restricted for building improvements	(29,838)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,702,103

NOTE 3 CONCENTRATIONS OF CREDIT RISK AND CONCENTRATIONS OF INCOME SOURCES

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents, promises to give and grants receivable. The Organization maintains its cash in bank accounts with financial institutions, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Gross promises to give include amounts from three donors which make up approximately 75% of total promises to give at June 30, 2022. Gross grants receivable includes amounts from one grantor source that make up approximately 86% of total grants receivable as of June 30, 2022. Concentrations of credit risk with respect to receivables are limited due to the collection history and relationships with these donors and payer sources. Contributions and government grants include amounts from two donors that make up approximately 43% of total support and earned revenue for the year ended June 30, 2022.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give consist of the following at June 30, 2022:

Within one year	$ 36,509
In one to five years	-
	36,509
Less allowance for uncollectible promises to give	(5,000)
Promises to give, net	$ 31,509

NOTE 5 INVESTMENTS AND FAIR VALUE MEASURMENT

The following table presents assets measured at fair value and using the measurement alternative on a recurring basis by classification within the fair value hierarchy as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash and money market	$ 44,880	$ -	$ -	$ 44,880
Mutual funds	942,330	-	-	942,330
Total investments measured at fair value	$ 987,210	$ -	$ -	987,210
Private company preferred stock measured using measurement alternative				15,000
Total investments				$ 1,002,210

Private company preferred stock is measured using the measurement alternative and is therefore not required to be included in the fair value hierarchy.

Net investment return consisted of the following for the year ended June 30, 2022:

Interest and dividends	$ 25,363
Unrealized investment loss	(181,309)
Realized investment gain	30,541
Investment fees	(7,748)
	$ (133,153)

NOTE 6 PROPERTY AND EQUIPMENT

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

Land	$ 295,629
Buildings and improvements	9,364,282
Furniture and equipment	1,399,743
Vehicles	39,078
	11,098,732
Less accumulated depreciation	(9,839,068)
	$ 1,259,664

Depreciation expense was $183,317 for the year ended June 30, 2022.

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 and February 2021, The Organization received loan proceeds totaling approximately $506,000 and $516,000, respectively, under the CARES Act Paycheck Protection Program (the Program) administered by the U.S. Small Business Administration (“SBA”), bearing interest at 1.00% per year. The Program, provides for forgiveness of the principal and accrued interest as long as the borrower uses the loan procedures for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness is reduced if the borrower terminates employees or reduces salaries. During the year ended June 30, 2022, the Organization received full forgiveness from the lender in the amount of $506,435 for the first draw and has recorded income for the forgiveness on the accompanying statement of activities. Subsequent to the year ended June 30, 2022, the Organization received full forgiveness from the lender on the second draw from the Program totaling $515,993. The Organization is subject to possible audit or investigation by the SBA to determine whether award funds were used for eligible and allowable purposes.

NOTE 8 NOTES PAYABLE

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

Interest free note payable to the Arizona Department of Commerce. The funds received are required to be repaid only if the Organization sells the TFV property within the period of affordability remaining on the TFV property or fails to comply with the covenants, conditions, and restrictions as defined in the agreement. The period of affordability is satisfied and the note matures in full in June 2029.	$ 800,000
	800,000
Less current maturities	-
	$ 800,000

The Organization recognized revenue from government grants totaling approximately $260,000 for the year ended June 30, 2022, related to forgiveness of notes payable according to an agreement with the City of Phoenix which matured in December 2021.

NOTE 9 ENDOWMENT FUNDS

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted amount	$ -	$ 250,000	$ 250,000
Accumulated investment earnings	-	52,470	52,470
	$ -	$ 302,470	$ 302,470

NOTE 9 ENDOWMENT FUNDS (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Balance at June 30, 2021	$ -	$ 343,805	$ 343,805
Contributions	-	-	-
Interest and dividends	-	7,103	7,103
Unrealized investment loss	-	(55,352)	(55,352)
Realized investment gain	-	9,288	9,288
Investment fees	-	(2,374)	(2,374)
Amounts appropriated for expenditure	-	-	-
Balance at June 30, 2022	$ -	$ 302,470	$ 302,470

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specific purposes:	
Building maintenance and remodel	$ 29,838
Client services	55,500
Healthy meals	8,456
Prevention and workforce development	17,196
Strong Foundation	5,000
	115,990
Subject to expenditure for passage of time:	
Promises to give	19,750
Endowment funds:	
Portion of perpetual endowment funds that are required to be permanently retained	250,000
Investment return on perpetual endowment funds subject to a time restriction under MCFA	52,470
	302,470
	$ 438,210

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets were released from restrictions during the year ended June 30, 2022:

Released from restriction for satisfaction of specific purpose:	
Building maintenance and remodel	$ 2,426
Client services	248,924
COVID relief	3,721
HB University	102,954
	358,025
Released from restriction for the passage of time:	
Promises to give	62,909
	$ 420,934

NOTE 11 IN-KIND DONATIONS

Donated materials and services consisted of the following for the year ended June 30, 2022:

Non-financial asset	Revenue Recognized as of June 30, 2022	Utilization in Program/Activities	Donor Restrictions	Valuation Technique and Inputs
Clothing	2,707	Shelter & Community Programs	None	Estimated based on retail value provided by the vendor operating in the greater Phoenix metropolitan area or donor estimate based on used resale value.
Food & Beverage	5,149	Shelter & Fundraising	None	Estimated based on retail value provided by the vendor operating in the greater Phoenix metropolitan area.
Household Goods	24,727	Shelter & Community Programs	None	Estimated based on retail value provided by the vendor operating in the greater Phoenix metropolitan area.
Hygiene	5,709	Shelter	None	Estimated based on retail value provided by the vendor operating in the greater Phoenix metropolitan area.
School Supplies	8,962	Shelter & Community Programs	None	Estimated based on retail value provided by the vendor operating in the greater Phoenix metropolitan area.
	$ 47,254			

NOTE 12 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization has lease agreements for various office equipment requiring monthly payments of approximately $2,500 expiring through September 2025. Approximate minimum future rental payments under these non-cancelable operating leases are as follows:

Years Ending June 30,		
2023	$	24,000
2024		19,000
2025		19,000
2026		5,000
	$	67,000

Legal Proceedings

The Organization is involved in legal disputes that may arrive from time to time under the normal course of business. In the opinion of management, the resolution of such matters will not have a material adverse impact on the Organization's financial position, results of operations or cash flows.

NOTE 13 RETIREMENT PLANS

The Organization sponsors a 403(b) retirement plan (the "Plan") covering all full-time employees. Under the terms of the Plan, participating employees may contribute up to 100% of their gross annual income, subject to Internal Revenue Service limitations. The Organization does not make contributions to the Plan.

NOTE 14 RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022, the Organization received contributions from board members and employees totaling approximately $102,000 and revenue of approximately $3,000 for childcare service from employees.

NOTE 15 NEW ACCOUNTING PRONOUNCEMENT

The FASB has issued ASU No. 2016-02, *Leases*. For nonpublic companies, the standard must be adopted for annual reporting periods beginning after December 15, 2021. The standard's core principle is the recognition of lease assets and lease liabilities by lessees for substantially all leases, including those currently classified as operating leases. Under the ASU, a lessee will be required to recognize assets and liabilities for operating and finance leases with terms of more than 12 months. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

UNIFORM GUIDANCE SUPPLEMENTARY REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Homeward Bound
Phoenix, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Homeward Bound which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Homeward Bound's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Homeward Bound's internal control. Accordingly, we do not express an opinion on the effectiveness of Homeward Bound'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 over financial reporting 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 Homeward Bound's financial statements are free of 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

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

Baker Tilly US, LLP

Tempe, Arizona
February 2, 2023

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

Board of Directors
Homeward Bound
Phoenix, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Homeward Bound'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 Homeward Bound's major federal programs for the year ended June 30, 2022. Homeward Bound'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, Homeward Bound complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 Homeward Bound 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 Homeward Bound'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 Homeward Bound's federal programs.

Auditors' 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 Homeward Bound'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 Organizations, 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 Homeward Bound'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 Homeward Bound'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 Homeward Bound'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 Homeward Bound'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 Auditors' 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.

Baker Tilly US, LLP

Tempe, Arizona
February 2, 2023

HOMEWARD BOUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor / Program	Federal Assistance Listing Number	Grantor's Number	Federal Expenditures	
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Arizona Department of Education				
Child and Adult Care Food Program	10.558	07-35-41	$ 43,915	
Total U.S. Department of Agriculture			43,915	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
CDBG - Entitlement Grants Cluster				
Passed through City of Peoria				
Community Development Block Grants/Entitlement Grants	14.218	ACON 39120	6,276	
Passed through City of Scottsdale				
Community Development Block Grants/Entitlement Grants	14.218	2021-071-COS	9,750	
			16,026	
Passed through City of Phoenix				
COVID-19 Emergency Solutions Grant Program	14.231	154968	816,301	*
COVID-19 Emergency Solutions Grant Program	14.231	154969	628,531	*
Passed through Arizona Department of Economic Security				
COVID-19 Emergency Solutions Grant Program	14.231	DES-HMLS-2A19	14,500	*
Passed through City of Tempe				
COVID-19 Emergency Solutions Grant Program	14.231	N/A	8,014	*
			1,467,346	
Passed through City of Phoenix				
Supportive Housing Program	14.235	82396	40,000	
Supportive Housing Program	14.235	86536	80,000	
			120,000	
Passed through Arizona Department of Housing				
Home Investment Partnerships Program	14.239	076-99	800,000	
Passed through City of Phoenix				
Home Investment Partnerships Program	14.239	82396	40,000	
Home Investment Partnerships Program	14.239	86536	100,000	
			940,000	
Total U.S. Department of Housing and Urban Development			2,543,372	
U.S. DEPARTMENT OF TREASURY				
Passed through Maricopa County Non-Profit Assistance Program				
Coronavirus State and Local Fiscal Recovery Funds	21.027	220148	68,207	
Total U.S. Department of Treasury			68,207	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
477 & CCDF Clusters				
Passed through Arizona Department of Economic Security				
Child Care and Development Block Grant	93.575	ADES15-097810	170,808	
Child Care and Development Block Grant	93.575	SX121309	72,574	
Child Care and Development Block Grant	93.575	N/A	82,500	
Child Care and Development Block Grant	93.575	N/A	4,949	
			330,831	
Head Start Cluster				
Passed through Southwest Human Development				
Head Start	93.600	12915	280,932	
Total U.S. Department of Health and Human Services			611,763	
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,267,257	

* Denotes major program

See accompanying notes.

HOMEWARD BOUND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Homeward Bound (the "Organization") under programs of the federal government for the year ended June 30, 2022. The information in the 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) 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 and/or Circular A-122*, Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

NOTE 3 LOANS OUTSTANDING

Expenditures reported in the Schedule consist of the beginning of the year outstanding loan balance plus advances made on the loan during the year. Loan balances for the year ended June 30, 2022 are as follows:

Loan Program	**Federal Assistance Listing Number**	**Loan Balance Outstanding at June 30, 2022**
Supportive Housing Program	14.235	$ --
Supportive Housing Program	14.235	--
Home Investment Partnerships Program	14.239	800,000
Home Investment Partnerships Program	14.239	--
Home Investment Partnerships Program	14.239	--

NOTE 4 SUBRECIPIENTS

There were no subrecipients of federal awards during the year ended June 30, 2022.

HOMEWARD BOUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes _X_ no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ____ yes _X_ none reported

Noncompliance material to financial statements noted? ____ yes _X_ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ yes _X_ no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ____ yes _X_ none reported

Type of auditors' report issued on compliance for major program listed below: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ yes _X_ no

Identification of major program:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.231	United States Department of Housing and Urban Development – COVID 19 Emergency Solutions Grant Program

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

Auditee qualified as low risk auditee? ____ yes _X_ no

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None Noted

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None Noted

HOMEWARD BOUND
SUMMARY SCHEDULE OF PRIOR YEAR FINDING AND QUESTIONED COSTS
Year Ended June 30, 2022

2302 W Colter St Phoenix, AZ 85015
602.263.7654
602.265.9006
www.homewardboundaz.org
Tax ID 86-0660875

SECTION IV SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINDING 2021-001 Unconditional Promise to Give

CONDITION
The Organization failed to record a contribution for an unconditional promise to give when they received the promise. The contribution was recorded in the subsequent period which was improper.

CRITERIA
Accounting principles generally accepted in the United States of America require an unconditional promise to give to be recognized in revenue in the period the promise is received.

CAUSE
The Organization experienced significant turnover of accounting personnel.

EFFECT
An adjustment was made to the financial statements to properly state public support – contributions.

RECOMMENDATION
The Organization should properly record all unconditional contributions as public support when the promise is received.

CURRENT STATUS OF PRIOR YEAR FINDING
The head of the Finance Department reviews all contributions to ensure they are recognized in the period the promise to give was received. Grant and promise to give notifications are forwarded to the Executive Team and the Development Department. The Finance Department confirms the date the grant or promise to give was received with the Development Department and the Chief Executive Officer reviews the applicable journal entries for accuracy. Another member of the Executive Team also reviews journal entries related to contributions and promises to give made in June and July. Additionally, a monthly report of contributions is distributed to the Executive Team for their review which is compared to a grant summary listing that Executive Team members have access to that includes: funder, purpose, amount and date of award notification along with notification letters to ensure that all promises to give are recorded in the correct period.