



**Student Homelessness Initiative Partnership of
Frederick County, Inc.**

Independent Auditors' Report and Financial Statements

For the Years Ended December 31, 2022 and 2021

**Student Homelessness Initiative Partnership of
Frederick County, Inc.**

For the Years Ended December 31, 2022 and 2021

TABLE OF CONTENTS

Independent Auditors' Report	1
Basic Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8



INDEPENDENT AUDITORS' REPORT

**Board of Directors
Student Homelessness Initiative Partnership of Frederick County, Inc.
Frederick, Maryland**

Opinion

We have audited the accompanying financial statements of Student Homelessness Initiative Partnership of Frederick County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Student Homelessness Initiative Partnership of Frederick County, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Student Homelessness Initiative Partnership of Frederick County, 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 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 Student Homelessness Initiative Partnership of Frederick County, Inc.'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, 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 Student Homelessness Initiative Partnership of Frederick County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Student Homelessness Initiative Partnership of Frederick County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

DeLeon & Stang

**DeLeon & Stang, CPAs and Advisors
Frederick, Maryland
July 25, 2023**

STUDENT HOMELESSNESS INITIATIVE PARTNERSHIP OF FREDERICK COUNTY, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		(Restated)
Assets		
Cash	\$ 292,991	\$ 208,035
Due from grantors	85,430	124,221
Prepaid expenses	2,359	-
Other assets	1,411	-
Total Assets	\$ 382,191	\$ 332,256
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 26,931	\$ 26,903
Deferred revenue	6,500	-
Total Liabilities	33,431	26,903
Net Assets		
Net assets without donor restrictions	338,760	268,500
Net assets with donor restrictions	10,000	36,853
Total Net Assets	348,760	305,353
Total Liabilities and Net Assets	\$ 382,191	\$ 332,256

See Independent Auditors' Report and
Notes to the Financial Statements

STUDENT HOMELESSNESS INITIATIVE PARTNERSHIP OF FREDERICK COUNTY, INC.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
		(Restated)
Revenues and Other Support without Donor Restrictions		
Contributions and grants	\$ 317,287	\$ 411,829
Event income	4,680	20,828
Paycheck Protection Program loan forgiveness	-	59,900
Other income	2,126	20
Net assets released from donor restrictions	<u>532,651</u>	<u>500,039</u>
Total revenues and other support without donor restrictions	856,744	992,616
Expenses		
Program services	630,233	685,243
Supporting Services:		
Management and general	147,761	137,067
Fundraising	<u>8,490</u>	<u>19,016</u>
Total expenses	<u>786,484</u>	<u>841,326</u>
Change in net assets without donor restrictions	<u>70,260</u>	<u>151,290</u>
Revenues and Other Support with Donor Restrictions		
Contributions and grants	\$ 505,798	\$ 499,348
Net assets released from donor restrictions	<u>(532,651)</u>	<u>(500,039)</u>
Change in net assets with donor restrictions	<u>(26,853)</u>	<u>(691)</u>
Change in net assets	43,407	150,599
Net assets - beginning of year	<u>305,353</u>	<u>154,754</u>
Net assets - end of year	<u>\$ 348,760</u>	<u>\$ 305,353</u>

See Independent Auditors' Report and
Notes to the Financial Statements

STUDENT HOMELESSNESS INITIATIVE PARTNERSHIP OF FREDERICK COUNTY, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2022**

Expenses	Program Services			Supporting Services			Total Expenses
	New Horizons	THRIVE! Host Home Network	Other Program Expenses	Total Program Expenses	Management and General	Fundraising	
Salaries and employee benefits	\$ 230,930	\$ 191,669	\$ 11,049	\$ 433,648	\$ 80,588	\$ 8,490	\$ 522,726
Accounting services	-	-	-	-	23,700	-	23,700
Advertising and promotion	81	81	-	162	2,307	-	2,469
Contractual services	2,636	-	157	2,793	-	-	2,793
Dues and subscriptions	2,417	2,417	-	4,834	4,949	-	9,783
Education and training	196	54	-	250	1,175	-	1,425
Event expenses	-	14	4,052	4,066	176	-	4,242
Graphic design	-	-	-	-	1,400	-	1,400
Insurance	1,455	1,455	-	2,910	1,456	-	4,366
Legal and professional fees	671	835	-	1,506	17,536	-	19,042
Meals and entertainment	38	75	-	113	144	-	257
Miscellaneous expenses	-	4	-	4	1,557	-	1,561
Occupancy	9,103	9,103	-	18,206	9,103	-	27,309
Office supplies and expense	649	45	-	694	459	-	1,153
Postage	-	-	-	-	272	-	272
Reimbursements	4,929	5,482	95	10,506	387	-	10,893
Repair and maintenance	292	-	-	292	302	-	594
Specific assistance:							
Clothing	2,770	250	192	3,212	-	-	3,212
Emergency housing	7,100	16,823	13,421	37,344	155	-	37,499
Extracurricular activities	704	244	30	978	-	-	978
Food	191	75	15	281	-	-	281
Transportation	10,884	1,340	-	12,224	-	-	12,224
Other	36,041	55,697	59	91,797	-	-	91,797
Stationery and printing	-	1,338	-	1,338	98	-	1,436
Taxes - other	-	-	-	-	600	-	600
Utilities	1,044	1,044	163	2,251	1,044	-	3,295
Website expenses	300	524	-	824	353	-	1,177
Total Expenses	\$ 312,431	\$ 288,569	\$ 29,233	630,233	\$ 147,761	\$ 8,490	\$ 786,484

See Independent Auditors' Report and
Notes to the Financial Statements

STUDENT HOMELESSNESS INITIATIVE PARTNERSHIP OF FREDERICK COUNTY, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2021

Expenses	Program Services				Supporting Services		
	New Horizons	THRIVE! Host Home Network	Other Program Services	Total Program Expenses	Management and General	Fundraising	Total Expenses
Salaries and employee benefits	\$ 253,869	\$ 171,015	\$ 5,985	\$ 430,869	\$ 53,615	\$ 14,231	\$ 498,714
Accounting services	-	-	-	-	16,650	-	16,650
Advertising and promotion	179	3,168	-	3,347	(1,504)	251	2,094
Dues and subscriptions	1,775	605	-	2,380	3,143	-	5,523
Education and training	-	7,500	-	7,500	-	-	7,500
Event expenses	-	-	589	589	-	4,219	4,808
Gas	144	7	-	151	280	-	431
Graphic design	2,244	300	-	2,544	2,250	-	4,794
Insurance	-	-	-	-	4,234	-	4,234
Legal and professional fees	-	582	10,000	10,582	17,535	-	28,117
Meals and entertainment	785	134	76	994	1,275	-	2,269
Membership dues	-	-	-	-	605	315	920
Miscellaneous expenses	16,057	8,454	45	24,556	8,133	-	32,689
Occupancy	9,026	9,026	-	18,053	9,026	-	27,079
Office supplies and expense	259	25	-	284	2,954	-	3,238
Parking	-	-	-	-	98	-	98
Program expenses	55	-	-	55	-	-	55
Postage	-	-	-	-	713	-	713
Reimbursements	4,136	1,558	-	5,694	5,432	-	11,126
Repair and maintenance	-	-	-	-	1,902	-	1,902
Specific assistance:							
Clothing	5,155	-	155	5,310	-	-	5,310
Emergency housing	5,840	15,202	54,791	75,833	-	-	75,833
Extracurricular activities	971	-	2	973	-	-	973
Food	4,822	209	1,618	6,649	-	-	6,649
Other	47,096	34,512	967	82,575	-	-	82,575
Stationery and printing	131	314	95	541	642	-	1,183
Utilities	907	861	-	1,768	861	-	2,628
Website expenses	407	3,588	-	3,995	9,225	-	13,220
Total Expenses	\$ 353,858	\$ 257,062	\$ 74,323	\$ 685,243	\$ 137,067	\$ 19,016	\$ 841,326

See Independent Auditors' Report and
Notes to the Financial Statements

STUDENT HOMELESSNESS INITIATIVE PARTNERSHIP OF FREDERICK COUNTY, INC.
Statements of Cash Flows
December 31, 2022 and 2021

	2022	2021
Increase (Decrease) in cash		(Restated)
Cash flows from operating activities:		
Change in net assets	\$ 43,407	\$ 150,599
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Forgiveness of paycheck protection program loan	-	(59,900)
Changes in operating assets and liabilities:		
Due from agencies	38,791	(76,662)
Prepaid expenses	(2,359)	9,448
Other assets	(1,411)	-
Accounts payable and accrued expenses	28	754
Deferred revenue	6,500	(50,000)
Net cash provided by (used in) operating activities	84,956	(25,761)
Increase (decrease) in cash	84,956	(25,761)
Cash, beginning of year	208,035	233,796
Cash, end of year	\$ 292,991	\$ 208,035

See Independent Auditors' Report and
Notes to the Financial Statements

Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE-1 **NATURE OF ACTIVITIES**

Student Homelessness Initiative Partnership of Frederick County, Inc. (SHIP or the Organization) is a nonprofit 501(c)(3) entity incorporated and registered under the laws of the State of Maryland. SHIP is established to provide critical services and urgent resources to the hundreds of Frederick County youth who experience homelessness each year. Program services span four primary areas: the year-round New Horizons counseling program for youth experiencing homelessness; the New Horizons Academy held each summer; the THRIVE! Host Home Network; and Other Services that include providing food, funding of after-school activities, new clothing, and emergency shelter and services that prevent homelessness. SHIP is funded primarily through private, corporate and civic organization contributions, local and state governments, and foundation grants.

NOTE-2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting principles followed are described below.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when they are incurred, without regard to receipt or payment of cash.

Financial Statement Presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210, "Not-for-Profit Entities". Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets with Donor Restrictions – net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE-2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Due from Grantors

Receivables are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses the allowance method to account for its receivables that are considered uncollectible. All amounts are deemed collectible as of December 31, 2022 and 2021 and no allowance is considered necessary.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Operating leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payment over the lease term, using the Institute's incremental borrowing rate, and ROU assets also include prepaid or accrued rent.

Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for short-term leases (leases with a term of 12 months or less).

Support and Revenue

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as 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 Statements of Activities as net assets released from restrictions.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs are charged directly to the appropriate functional category or allocated based on estimated percentages by management based on the historical knowledge of the nature and function of the expense.

Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE-2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors is largely unchanged. Under the new guidance, lessees are required to recognize the following for all long-term leases: (1) a lease liability, which is the lessee's obligation to make lease payments measured on a discounted basis and (2) a right-of-use (ROU) asset, which represents the lessee's right to use (or control the use of) a specified asset for the lease term. The Organization adopted this new standard using the effective method as of January 1, 2022 and has elected all available practical expedients. The Organization's remaining lease at the time of the adoption was 11 months and therefore considered a short term lease and did not for recognition of a ROU Asset and Lease Liability.

NOTE-3 **INCOME TAXES**

SHIP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. In addition, the Organization qualifies as a charity under Section 170(b)(1)(A) and is not a private foundation, so contributions to the Organization are deductible as charitable contributions. As such, it is exempt from income taxes on all but unrelated business income. The Organization has not received any notices from the Internal Revenue Service which would affect its status as an exempt, charitable organization. There was no unrelated business income for the years ended December 31, 2022 and 2021.

SHIP complies with FASB ASC 740-10 and Accounting Standards Update (ASU) 2009-06. Therefore, the Organization considered the possibility of uncertain tax positions and their impact on the financial position of the Organization. The most significant tax positions of the Organization are its tax-exempt status and the determination of unrelated business taxable income. As of December 31, 2022 and 2021, management did not identify any uncertain tax positions.

SHIP accrues interest and penalties (if applicable) in income taxes payable on the Statements of Financial Position and records any expense in the provision for income taxes in the Statement of Activities. The Organization had no penalties or income taxes for the years ended December 31, 2022 and 2021. Pursuant to Internal Revenue Service rules for the statute of limitations, the Organization believes it is no longer subject to U.S. federal, state, and local income tax examinations by taxing authorities for years before 2019.

**Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021**

NOTE-4 CONCENTRATIONS

Credit Risk

SHIP maintains cash balances at one local financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times throughout the year, the Organization may have deposits at financial institutions in excess of the federally insured limit. There were no uninsured balances as of December 31, 2022 and 2021. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

NOTE-5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Specific Purpose or Time Restriction		
New Horizons	\$ 10,000	\$ -
THRIVE! Host Home Network	<u>-</u>	<u>\$ 36,853</u>
Total	<u>\$ 10,000</u>	<u>\$ 36,853</u>

NOTE-6 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Student Homelessness Initiative Partners of Frederick County received a \$59,900 Paycheck Protection Program Loan (note) through the Small Business Administration. Under terms of this note, all or a portion of the loan, including accrued interest, may be forgiven if proceeds are used for qualifying expenses and if certain staffing levels are maintained. SHIP expects this note to be fully forgiven. However, any unforgiven amounts are payable over a twenty four month period beginning at the time any unforgiven amounts are determined by the Small Business Administration. Interest on the unforgiven balance accrues at 1% annually. In March 2021, the Organization's Paycheck Protection Program Loan of \$59,900 was forgiven in full.

Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE-7 LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization’s financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year or because the governing board has set aside the funds for a specific purpose.

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end		
Cash	\$ 292,991	\$ 208,035
Due from agencies	<u>85,430</u>	<u>124,221</u>
Total financial assets	378,421	332,256
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(10,000)</u>	<u>(36,853)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 368,421</u>	<u>\$ 295,403</u>

The Organization has established a reserve account with an initial deposit of \$60,000, which represents approximately one month of operating expenses. The Organization has policies to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE-8 LEASING ARRANGEMENTS

In October 2019, the Organization entered into a lease for office space for a 25-month term, commencing on November 1, 2019 and terming on November 30, 2021. The base rent is \$1,579 and escalates 3% annually. In addition to the base rent, the Organization pays a monthly amount of \$519 to cover property expenses.

In September 2021, the Organization renewed the office lease for an additional 12-month term, commencing on December 1, 2021. The base rent is \$2,276. The lease was extended for one additional month through December 31, 2022 with the same terms.

In late December 2022, the Organization executed a new lease agreement commencing January 1, 2023 and terming on December 31, 2025. The base rent is \$1,825 and escalates 4% each year. In addition to the base rent, the Organization pays a monthly amount of \$534 to cover property expenses. The monthly property expense amount is to be determined for calendar years 2024 and 2025.

Total rent expense for the years ended December 31, 2022 and 2021 was \$27,309 and \$27,079, respectively.

Student Homelessness Initiative Partnership of Frederick County, Inc.
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE-8 LEASING ARRANGEMENTS (Continued)

Future lease commitments of the new executed lease for 2023 are as follows:

2023	\$	28,308
2024		22,789
2025		<u>23,682</u>
	\$	<u>74,780</u>

NOTE-9 PRIOR PERIOD ADJUSTMENT

In 2022, errors were noted with bank deposits not clearing from the bank reconciliation properly, resulting in a prior period adjustment of \$36,068. Previously reported beginning of year cash was \$269,864 and restated to \$233,796. Previously reported beginning of year net assets was \$190,822 and restated to \$154,754. The accompanying statements have been restated for these changes.

NOTE-10 SUBSEQUENT EVENTS

Subsequent events are defined as events or transactions that occur after the Statement of Financial Position date through the date that the financial statements are available to be issued.

As of July 25, 2023, the date the financial statements were available to be issued, the Organization performed an evaluation and determined that there were no subsequent events requiring recognition or disclosure.