

# GRANDMA'S HOUSE OF HOPE

## FINANCIAL STATEMENTS

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December 31, 2024

(with Comparative Totals for 2023)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Grandma's House of Hope

### Opinion

We have audited the accompanying financial statements of Grandma's House of Hope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grandma's House of Hope (the Organization) as of December 31, 2024, 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 the Organization 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, which raise substantial doubt about the Organization'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose 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 September 29, 2025 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California  
September 29, 2025

**GRANDMA'S HOUSE OF HOPE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

<b>ASSETS</b>		<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	461,120	\$ 345,212
Accounts receivable		947,188	642,581
Prepaid expenses		32,730	28,476
		<u>1,441,038</u>	<u>1,016,269</u>
<b>PROPERTY AND EQUIPMENT, NET</b>		<u>2,107,018</u>	<u>2,021,645</u>
<b>NONCURRENT ASSETS</b>			
Operating lease right-of-use assets		1,307,444	1,649,454
Security deposits		99,702	55,410
		<u>1,407,146</u>	<u>1,704,864</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>4,955,202</u></b>	<b>\$ <u>4,742,778</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	226,914	\$ 102,545
Credit cards payable		10,038	13,966
Accrued payroll and vacation		193,862	113,507
Accrued expenses		34,379	34,357
Deferred revenue		617,233	150,279
Notes payable, current portion		1,331,281	82,989
Operating lease liabilities, current portion		431,942	488,457
		<u>2,845,649</u>	<u>986,100</u>
<b>NONCURRENT LIABILITIES</b>			
Notes payable, net of current portion and unamortized debt issuance costs		496,689	1,831,618
Operating lease liabilities, net of current portion		828,744	1,185,051
		<u>1,325,433</u>	<u>3,016,669</u>
<b>TOTAL LIABILITIES</b>		<u>4,171,082</u>	<u>4,002,769</u>
<b>CONTIGENCIES (Note 11)</b>			
<b>NET ASSETS</b>			
Without donor restrictions		784,120	696,684
With donor restrictions		-	43,325
Total Net Assets		<u>784,120</u>	<u>740,009</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>4,955,202</u></b>	<b>\$ <u>4,742,778</u></b>

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

**GRANDMA'S HOUSE OF HOPE**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 288,974	\$ 130,000	\$ 418,974	\$ 513,433
Government contracts	4,521,001		4,521,001	3,100,872
Program revenue	-	-	-	45,364
In-kind contributions	1,014,205	-	1,014,205	1,106,914
Other income	8,255	-	8,255	156,846
Net assets released from restrictions	173,325	(173,325)	-	-
Total revenue and support	<u>6,005,760</u>	<u>(43,325)</u>	<u>5,962,435</u>	<u>4,923,429</u>
<b>EXPENSES</b>				
Program services	4,999,348	-	4,999,348	4,338,753
Supporting services				
Management and general	716,221	-	716,221	327,341
Fundraising	202,755	-	202,755	180,493
Total expenses	<u>5,918,324</u>	<u>-</u>	<u>5,918,324</u>	<u>4,846,587</u>
<b>CHANGE IN NET ASSETS</b>	87,436	(43,325)	44,111	76,842
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>696,684</u>	<u>43,325</u>	<u>740,009</u>	<u>663,167</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 784,120</u>	<u>\$ -</u>	<u>\$ 784,120</u>	<u>\$ 740,009</u>

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

**GRANDMA'S HOUSE OF HOPE**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	Program Services	Support Services		Total	
		Management and General	Fundraising	2024	2023
Salaries and wages	\$ 1,984,447	\$ 400,075	\$ 98,947	\$ 2,483,469	\$ 1,718,147
Payroll tax	171,167	34,247	8,116	213,530	146,054
Employee benefits	181,413	48,863	6,411	236,687	135,381
	<u>2,337,027</u>	<u>483,185</u>	<u>113,474</u>	<u>2,933,686</u>	<u>1,999,582</u>
Advertising	316	5	5,282	5,603	4,105
Bad debt expense	-	-	-	-	6,885
Bank charges	1,951	2,016	1,616	5,583	6,538
Interest expense	51,491	30,953	-	82,444	80,235
Dues and membership	8,063	1,972	6,691	16,726	10,261
Event costs	-	-	2,106	2,106	3,701
Insurance	59,886	13,513	1,317	74,716	57,612
Occupancy	611,650	45,000	900	657,550	567,683
Outside services	239,780	87,005	65,467	392,252	520,021
Program supplies	458,295	948	561	459,804	209,062
Printing and postage	3,901	747	1,084	5,732	4,323
Repairs and maintenance	50,067	9,277	56	59,400	57,420
Communications	27,969	5,569	176	33,714	25,757
Travel, training, and meetings	95,681	18,727	3,918	118,326	49,495
Utilities	90,107	6,015	107	96,229	89,086
Depreciation and amortization	35,589	10,974	-	46,563	47,890
In-kind contribution expense (Note 8)	927,575	-	-	927,575	1,106,914
Miscellaneous expense	-	315	-	315	17
	<u>\$ 4,999,348</u>	<u>\$ 716,221</u>	<u>\$ 202,755</u>	<u>\$ 5,918,324</u>	<u>\$ 4,846,587</u>

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

**GRANDMA'S HOUSE OF HOPE**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 44,111	\$ 76,842
Adjustments to reconcile net assets to net cash from operating activities:		
Depreciation and amortization of property and equipment	45,298	46,625
Amortization of debt issuance costs	1,265	1,265
Donated property and equipment	(86,630)	-
Change in operating assets and liabilities:		
Accounts receivable	(304,607)	51,143
Prepaid expenses	(4,254)	40,062
Security deposits	(44,292)	-
Accounts payable	124,369	63,750
Credit cards payable	(3,928)	936
Accrued payroll and vacation	80,355	(9,064)
Accrued expenses	22	9,927
Deferred revenue	466,954	11,941
Operating lease right-of-use assets and liabilities	(70,812)	(8,683)
Net Cash Provided By Operating Activities	247,851	284,744
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(44,041)	(41,259)
Net Cash Used In Investing Activities	(44,041)	(41,259)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(87,902)	(92,702)
Net Cash Used In Financing Activities	(87,902)	(92,702)
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	115,908	150,783
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	345,212	194,429
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 461,120	\$ 345,212

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

## GRANDMA'S HOUSE OF HOPE

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

#### NOTE 1 – Organization

##### *Nature of Activities*

Grandma's House of Hope (the Organization) is a nonprofit organization that empowers the invisible populations of Orange County, California by providing service-enriched emergency and interim housing to single individuals experiencing homelessness. Nearly 300 individuals benefit from the Organization's programs and services each year.

The Organization's Rescued and Restored Program offers 134 beds across 10 housing sites that provide emergency, bridge, and transitional housing to single adults in need. The Organization helps participants meet their basic needs, assists them in formulating personalized plans, and offers wrap-around services that address the root causes of their homelessness. The Organization also offers the Housing Program, where participants are offered trauma-informed case management, individual and/or group counseling, crisis intervention, substance use disorder services, avenues to employment, housing navigation assistance to secure permanent housing, and after care services once they are permanently housed. The Organization specializes in housing and supporting single individuals with serious mental illness, substance use disorders, incarceration histories, chronic health conditions, and significant trauma histories.

#### NOTE 2 – Summary of Significant Accounting Policies

##### *Basis of Accounting*

The accompanying financial statements 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).

##### *Classification of Net Assets*

Net assets, revenue, 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:

**Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions.

GRANDMA'S HOUSE OF HOPE

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

*Classification of Net Assets (Continued)*

**With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. At December 31, 2024, the Organization had no net assets with donor restrictions.

*Use of Estimates*

The Organization uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, the reported amounts of revenue and other support, and expenses during the reporting period. Actual results could vary from those estimates.

*Cash and Cash Equivalents*

The Organization considers cash on hand, deposits in banks, and short-term marketable securities with an original maturity of less than 90 days to be cash and cash equivalents for purposes of the statement of cash flows.

*Accounts Receivable*

Receivables are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. No allowance for credit losses was established as all receivables were determined by management to be collectable at December 31, 2024. The Organization recognized no bad debt expense during the year ended December 31, 2024.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided on the straight-line method over estimated useful lives of the assets, which range from 5 to 30 years. Repair and maintenance costs are charged to expense as incurred, whereas expenditures that materially extend asset lives are capitalized.

***Debt Issuance Costs***

Costs related to obtaining debt financing are recorded as a direct reduction of the carrying value of debt and are amortized over the term of the related debt using the interest method. When a loan is paid in full, any unamortized costs are removed from the related account and charged to operations.

***Revenue Recognition***

Contributions, including unconditional promises to give, are recorded as support without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or met performance requirements, in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting performance requirements are reported as deferred revenue in the statement of financial position. The Organization is party to conditional grants with grant terms through December 2026 and additional funding of approximately \$9,047,000 that has not been recognized at December 31, 2024 because certain performance obligations have not yet been met.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***In-Kind Contributions***

Contributions of donated services are recognized, according to U.S. GAAP, if (a) the services create or enhance nonfinancial assets, or (b) the services would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing those skills. The value of contributed services is based on comparable services by similarly qualified professionals providing similar services. Donated goods, rent reduction, and property and equipment are recorded as contributions at their estimated fair value on the date of donation.

***Functional Allocation of Expenses***

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly, according to their natural expenditure classification. Compensation for salaries, payroll taxes, and benefits for program staff is documented with timesheets showing time distribution for employees and allocated based on time spent on each program or grant. Expenses that are associated with more than one program or supporting service are allocated based on an appropriate distribution as determined by management.

***Concentration of Credit Risk***

The Organization places its cash and cash equivalents with high-credit, quality financial institutions. At times, cash and cash equivalent balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash and cash equivalents.

The Organization receives a substantial portion of its operating funds from federal, county, and local government grants, which are often subject to renewal each year. These funds are deemed to be earned and reported as revenue when the Organization has provided the respective service or incurred expenses in accordance with the specific requirements of the grants. For the years ended December 31, 2024 and 2023, the Organization derived approximately 76% and 63%, respectively, of its total support and revenue from government agency contracts. Any material reduction in the contract amounts granted would have a material adverse effect on the Organization's results of operations and financial condition.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Income Taxes***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). The Internal Revenue Service has classified the Organization "as other than a private foundation."

The Organization recognizes the financial statement benefit of tax positions, such as its filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the positions following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

***Leasing Arrangements***

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization accounts for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities and changes in net assets in the period in which the obligation for the payments is incurred.

***Reclassification***

Certain amounts related to the 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

**GRANDMA'S HOUSE OF HOPE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**  
**(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Summarized Comparative Totals***

The financial statements include certain prior-year summarized financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such financial information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized financial information was derived.

***Subsequent Events***

Management has evaluated subsequent events from the statement of financial position date through September 29, 2025, which is the date the financial statements were available to be issued.

Subsequent to the year ended December 31, 2024, the following events occurred:

- The Organization refinanced a property mortgage for \$870,000 that was set to mature in March 2025 with a final balloon payment of approximately \$862,000. Under the new agreement, the Organization will make monthly interest-only payments until maturity in May 2028, at which point a balloon payment for the remaining balance is due. The mortgage bears interest at the Wall Street Journal Prime Rate plus one percent per annum, with a floor rate of 6.5% per annum.
- In January 2025, the Organization initiated a property lease with a lease period of five years and escalating payments of approximately \$3,700 per month.
- The Organization has received preliminary approval from a bank for refinancing a property mortgage that is set to mature in October 2025 with a final balloon payment of approximately \$469,000. The terms of the new agreement have not yet been established but is expected to be finalized before the original mortgage matures.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 3 – 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, are comprised of the following at December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 461,120	\$ 345,212
Accounts receivable	947,188	642,581
	1,408,308	987,793
Less donor-imposed restrictions	-	(43,325)
	\$ 1,408,308	\$ 944,468

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 4 – Property and Equipment**

Property and equipment are summarized as follows at December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Building	\$ 642,959	\$ 642,959
Furniture	153,277	95,786
Equipment	118,591	93,273
Automobile	79,697	39,698
Leasehold improvements	24,112	16,249
Computer software	12,720	12,720
	1,031,356	900,685
Less accumulated depreciation and amortization	(373,285)	(327,987)
	658,071	572,698
Land	1,448,947	1,448,947
	\$ 2,107,018	\$ 2,021,645

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 4 – Property and Equipment (Continued)**

Depreciation and amortization expense was \$45,298 and \$46,625 for the years ended December 31, 2024 and 2023, respectively.

**NOTE 5 – Deferred Revenue**

During 2023, the Organization received grant advances from the County of Orange for Bridge Housing, Bridge Housing Re-Entry, and Bridge Housing Behavioral Health for a total of \$75,140, \$75,139, and \$466,954, respectively. Deferred revenue totaled \$617,233 as of December 31, 2024.

**NOTE 6 – Line of Credit**

The Organization had a line of credit agreement with a bank that expired in December 2024, under which it could borrow up to \$200,000. Borrowings were secured by a guarantee from an affiliated organization, with interest payable monthly at the prime rate minus 1.00% and subject to a minimum rate of 4.25%. The line of credit was not renewed in 2024 and the Organization had no lines of credit active as of December 31, 2024.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 7 – Notes Payable**

Notes payable as of December 31, 2024 consist of the following:

Note payable owed to a financial institution secured by a deed of trust to a trustee in favor of the lender, bearing interest at 4.875%, payable in monthly installments of \$2,800 including interest and principal, with the balance due March 2025.	\$ 862,496
Note payable owed to a financial institution secured by a deed of trust to a trustee in favor of the lender, bearing interest at 4.921%, payable in monthly installments of \$5,168 including interest and principal, with the balance due November 2025.	468,785
Note payable to the Small Business Administration, unsecured and bearing interest at 2.75%, with minimum bimonthly interest payments of \$2,244, with the balance due November 2051.	<u>500,000</u>
	1,831,281
Less unamortized debt financing costs	<u>(3,311)</u>
	1,827,970
Less current portion	<u>(1,331,281)</u>
	<u>\$ 496,689</u>

Future maturities of notes payable as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 1,331,281
2026	38
2027	13,346
2028	13,718
2029	14,100
Thereafter	<u>458,798</u>
	<u>\$ 1,831,281</u>

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 8 – In-Kind Contributions**

The estimated fair market value of donated goods and services included in the statement of activities and changes in net assets consists of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 773,884	\$ 955,644
Food	-	90,989
Property and equipment	86,630	-
Rent contribution	78,060	-
Supplies	<u>75,631</u>	<u>60,281</u>
	<u>\$ 1,014,205</u>	<u>\$ 1,106,914</u>

Contributed professional services are provided by attorneys, counselors, and volunteer community leaders to the Organization. In addition, the Organization received donated food, property and equipment, supplies, and rent. There were no donor-imposed restrictions for the in-kind contributions.

The value of the contributed professional services were based on comparable services by similar qualified professional providing similar services. The value of contributed food, property and equipment, and supplies, were based on comparable sales of similar items at retail prices. The value of contributed rent was based on comparable rental rates of similar size and area of the space occupied by the Organization.

**NOTE 9 – Lease Arrangements**

The Organization leases its offices and housing sites under noncancelable operating leases expiring at various dates through February 2029. One of these leases includes an option to extend the term for an additional three years. The exercise of the renewal option is included in the measurement of the lease assets and liabilities as the Organization believes it is reasonably certain to exercise this option.

The lease agreements provide for minimum lease payments and do not include any material residual value guarantees or restrictive covenants.

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 9 – Lease Arrangements (Continued)**

In November 2024, the Organization amended one of its lease agreements to shorten the term of the lease and increase the monthly payments. The original lease term extended through February 2030 with escalating monthly payments of \$10,500 beginning on January 1, 2025; the modified agreement has a lease term extending through December 2028 with escalating monthly payments of \$12,300 beginning on January 1, 2025.

In December 2024, the Organization amended a lease agreement to terminate a lease early that had an original lease term through May 2029.

The components of operating lease expenses that are included in occupancy in the statement of functional expenses are as follows for the years ended December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Operating lease expenses	\$ 633,168	534,157
Short-term lease costs	24,382	33,526
	<b>\$ 657,550</b>	<b>\$ 567,683</b>

The following summarizes the cash flow information related to leases for the years ended December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 620,923	\$ 524,560
Operating lease assets obtained in exchange for lease obligations	\$ 551,216	\$ 706,601
Operating lease assets removed as a result of lease remeasurements	\$ (220,194)	\$ -

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 9 – Lease Arrangements (Continued)**

The following summarizes the weighted-average remaining lease term and discount rate for operating leases at December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Weighted-average remaining lease term	3.19 years	4.21 years
Weighted-average discount rate	4.32%	4.56%

The maturities of operating lease liabilities are as follows at December 31, 2024:

<b>Year Ending December 31,</b>		
2025	\$	475,638
2026		399,365
2027		269,075
2028		194,400
2029		7,800
Total minimum lease payments		1,346,278
Less amount representing interest		(85,592)
	\$	1,260,686

**NOTE 10 – Net Assets With Donor Restrictions**

Net assets are restricted by donors for the following purposes at December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Housing outreach	\$ -	\$ 35,765
Support for individuals	-	7,560
	\$ -	\$ 43,325

**GRANDMA'S HOUSE OF HOPE**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024  
(WITH COMPARATIVE TOTALS FOR 2023)**

**NOTE 11 – Contingencies**

From time to time, the Organization may be subject to litigation as a result of its ongoing operating activities. Management believes that the outcome of any such ongoing litigation will not have a material adverse effect on the Organization's financial position, results of operations, or liquidity.

**SUPPLEMENTARY INFORMATION**

**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***

To the Board of Directors of  
Grandma's House of Hope

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Grandma's House of Hope (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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



Long Beach, California  
September 29, 2025

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

To the Board of Directors of  
Grandma's House of Hope

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

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

We have audited Grandma's House of Hope'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 Grandma's House of Hope's (the Organization) major federal programs for the year ended December 31, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2024.

***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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

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.



Long Beach, California  
September 29, 2025

**GRANDMA'S HOUSE OF HOPE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Program Title	Pass Through Grantor's Number	Federal Assistance Listing Number	Grant Period	Program Award	Total Federal Expenditures
<b>U.S. Department of Justice</b>					
<i>Passed through the California Governor's Office of Emergency Services</i>					
Victims of Crime Act - Specialized Emergency Housing Program	KE23 01 1189	16.575	10/1/2023- 9/30/2024	\$ 300,000	\$ 207,213
Victims of Crime Act - Specialized Emergency Housing Program	KE23 02 1189	16.575	10/1/2024- 9/30/2025	165,900	\$1,452
Victims of Crime Act - Transitional Housing Program	XH23 01 1189	16.575	1/1/2024- 12/31/2024	337,400	248,421
<b>Subtotal for U.S. Department of Justice</b>				<b>803,300</b>	<b>457,086</b>
<b>U.S. Department of Health and Human Services</b>					
<i>Passed through the California Department of Health Care Services (DHCS)</i>					
California Behavioral Health Workforce Development (CABHWD) 22-20574/Mentored Internship Program-Round 2 (for Hope Harbor)	7438-BHWD-MIP- GRANDMAS-MIPGRS1- 01G	93.959 & 93.958	10/1/2023- 12/31/2024	151,416	132,310
California Behavioral Health Workforce Development (CABHWD) 22-20574/Mentored Internship Program-Round 2 (for Serenitiv Place)	7438-BHWD- GRANDMAS-MIPGRS1- 02G	93.959 & 93.958	10/1/2023- 12/31/2024	148,869	150,122
California Behavioral Health Workforce Development (CABHWD) Project# 22-20574/Behavioral Health Recruitment & Retention Program	7438.10-BHWD-BHRR- GRANDMAS- (BHRRSGH01)-01G	93.959 & 93.958	1/1/2024- 1/31/2025	348,831	221,070
Recovery Residence Services	2023-26 MA-042- 23011088	93.959	7/1/2023 - 6/30/2026	6,300,000	115,830
<b>Subtotal for U.S. Department of Health and Human Services</b>				<b>6,949,116</b>	<b>619,332</b>
<b>TOTAL</b>				<b>\$ 7,752,416</b>	<b>\$ 1,076,418</b>

## GRANDMA'S HOUSE OF HOPE

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2024

#### **NOTE 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Grandma's House of Hope under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Grandma's House of Hope, it is not intended to and does not present the financial position, activities and changes in net assets, functional expenses, or cash flows of Grandma's House of Hope.

#### **NOTE 2 – Summary of Significant Accounting Policies**

Expenditures 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.

Grandma's House of Hope has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**GRANDMA'S HOUSE OF HOPE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

The independent auditors' report expresses an unmodified opinion on whether the financial statements of Grandma's House of Hope were prepared in accordance with generally accepted accounting principles.

***Internal control over financial reporting***

Material weakness(es) identified? – No

Significant deficiencies identified? – Yes

Noncompliance material to financial statements noted? – No

**Federal Awards**

***Internal control over major programs***

Material weakness(es) identified? – No

Significant deficiencies identified? – Yes

Type of auditors' 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)? – No

Identification of major programs: #93.959 & #93.598 Block Grants for Prevention for Substance Use Prevention, Treatment and Recovery Services, and Block Grants for Community Mental Health Services.

Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

Auditee qualified as low-risk auditee? – No

**GRANDMA'S HOUSE OF HOPE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Continued)**

**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT**

The following financial statement internal control audit findings are considered to be significant deficiencies:

**2024-01 Inconsistent Tracking of Invoiced Expenses**

**Condition:**

For certain cost-reimbursement contracts, revenue was not being recognized based on actual expenses incurred. In addition, contracts that crossed over fiscal years were not tracked to ensure expenditures for both fiscal years were taken into consideration when recognizing contract revenues. As a result, management needed additional time to research and adjust revenue accordingly. This resulted in a net reduction to government contract revenue of approximately \$3,000 across six different contracts.

**Criteria:**

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting, which includes recognizing revenue in accordance with the contract terms and conditions.

**Cause:**

There was turnover with accounting personnel and detail records were not located or passed along from the prior accountant to the new accountant, which led to misunderstanding of accounting treatment and errors.

**Recommendation:**

We recommend management develop written policies and procedures that appropriately recognize revenue based on incurred expenditures for each contract. In addition, the policies and procedures should ensure prior period expenditures related to the contract is taken into consideration when recognizing contract revenue to ensure the total contract is not exceeded.

**Management's Response:**

Management agrees with the recommendation. Beginning in January 2025, management has implemented a new and effective system that meticulously tracks all revenues and expenses by contract, which will improve revenue recognition for cost-reimbursement contracts. Management will continue to monitor controls for their effectiveness throughout the year.

GRANDMA'S HOUSE OF HOPE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Continued)

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2024-02 Unadjusted Account Balances

**Condition:**

During the audit, several account balances were not adjusted as a part of the year-end close process. There were two accounts where balances had transactions resulting from a previous year and were not reviewed and adjusted. In addition, in-kind professional services were not recorded until noted during the comparison of prior year in-kind balances with current year in-kind balances.

**Criteria:**

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting which includes appropriately reviewing the trial balance to ensure accounts are properly reconciled and adjusted to reflect the Organizations position as of period end or the activity for the period then ended.

**Cause:**

There was turnover in accounting personnel and a lack of written policies or procedures in place to guide the new personnel on how to ensure the accounting records were properly reviewed and reconciled as part of the period closing process.

**Recommendation:**

We recommend management develop written policies or procedures to ensure accounting records are appropriately reconciled, adjusted, and reviewed during a period (i.e. monthly or yearly) close period.

**Management's Response:**

Management agrees with the recommendation. To ensure accuracy and timely financial reporting, all accounts are now being reconciled and adjusted on a monthly basis, a practice that commenced at the beginning of 2025. Management will continue to monitor controls for their effectiveness throughout the year.

GRANDMA'S HOUSE OF HOPE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(Continued)

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM  
AUDIT

2024-03 Errors in Preparing the Schedule of Expenditure of Federal Awards (SEFA)

**Condition:**

During audit testing over contract revenue, we found one federal contract with 2024 expenditures that was omitted from the initial SEFA. This resulted in an addition of approximately \$116,000 of federal expenditures being added to the SEFA. In addition, it was noted that work sheets tracking federal expenditures contained errors and resulted in adjusting federal expenditures of approximately \$48,000 across three contracts.

**Criteria:**

Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, requires grantees to maintain accounting records that track federal revenues and expenses that support the SEFA.

**Cause:**

There was turnover with accounting personnel and detail records were not located or passed along from the prior accountant to the new accountant, which led to misunderstanding of accounting treatment and errors.

**Recommendation:**

We recommend management develop written policies or procedures to ensure expenditures and corresponding revenues for each federal program are properly tracked and recorded on the SEFA.

**Management's Response:**

Management agrees with the recommendation. Beginning in October 2024, the Organization adopted the use of a federal reporting portal that facilitates the tracking of federal revenues and expenditures and is expected to improve the accuracy of federal expenditure reporting going forward. Management will continue to monitor controls for their effectiveness throughout the year.