



Consolidated Financial Statements
June 30, 2021 and 2020

The Road Home

Independent Auditor’s Report	1
Financial Statements	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	5
Consolidated Statements of Functional Expenses	7
Consolidated Statements of Cash Flows.....	9
Notes to Consolidated Financial Statements	11
Federal Awards Reports in Accordance with the Uniform Guidance	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	31
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	33
Consolidated Schedule of Expenditures of Federal Awards	35
Notes to Consolidated Schedule of Expenditures of Federal Awards.....	38
Schedule of Findings and Questioned Costs	39



Independent Auditor's Report

The Board of Trustees
The Road Home
Salt Lake City, Utah

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Road Home, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Road Home as of June 30, 2021 and 2020, 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.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021 on our consideration of The Road Home's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Road Home's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Road Home's internal control over financial reporting and compliance.



Salt Lake City, Utah
November 2, 2021

The Road Home
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,842,692	\$ 1,680,510
Grants and contracts receivable	4,631,429	2,177,627
Due from related parties	506,079	204,190
Promises to give	155,019	99,639
Donated rent receivable - related party	-	694,935
Prepaid expenses and other assets	379,173	235,182
Total current assets	7,514,392	5,092,083
Cash Restricted for Wendell	-	38,131
Property and Equipment, Net	12,254,853	10,422,522
Note Receivable - Palmer Court	400,000	400,000
Investments	6,325,324	7,046,727
Endowment Investments	902,802	658,479
Beneficial Interest in Assets Held by Affiliated Organization	14,063,125	12,171,493
Total assets	\$ 41,460,496	\$ 35,829,435

The Road Home
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 435,898	\$ 342,310
Accrued expenses	777,015	709,387
Paycheck Protection Program loan - current	-	971,116
Notes payable - current	208,808	-
Note payable - related party	-	1,250,000
Total current liabilities	1,421,721	3,272,813
Paycheck Protection Program Loan - Net of Current Portion	-	1,185,884
Notes Payable - Net of Current Portion	1,458,658	252,401
Total liabilities	2,880,379	4,711,098
Net Assets		
Without donor restrictions		
Undesignated	12,402,884	6,756,489
Designated by board for investment in property and equipment, net of related debt	10,587,387	10,170,121
	22,990,271	16,926,610
With donor restrictions	15,589,846	14,191,727
Total net assets	38,580,117	31,118,337
Total liabilities and net assets	\$ 41,460,496	\$ 35,829,435

The Road Home
Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Government grants and contracts	\$ 17,580,720	\$ -	\$ 17,580,720
Private donors	4,990,999	886,875	5,877,874
Management fees - related party	158,215	-	158,215
In-kind contributions	410,486	-	410,486
Net investment return	47,035	244,323	291,358
Special events	317,107	-	317,107
less costs of direct benefits to donors	(39,917)	-	(39,917)
Change in value of beneficial interest in assets held by affiliated organization	-	2,359,826	2,359,826
Other income	3,617,034	-	3,617,034
Net assets released from restrictions	2,092,905	(2,092,905)	-
Total revenue, support, and gains	<u>29,174,584</u>	<u>1,398,119</u>	<u>30,572,703</u>
Expenses			
Program services expense			
Shelter	9,671,201	-	9,671,201
Housing	11,020,278	-	11,020,278
Total program services expense	<u>20,691,479</u>	<u>-</u>	<u>20,691,479</u>
Supporting services expense			
Management and general	1,723,054	-	1,723,054
Fundraising	696,390	-	696,390
Total supporting services expense	<u>2,419,444</u>	<u>-</u>	<u>2,419,444</u>
Total expense	<u>23,110,923</u>	<u>-</u>	<u>23,110,923</u>
Change in Net Assets	6,063,661	1,398,119	7,461,780
Net Assets, Beginning of Year	<u>16,926,610</u>	<u>14,191,727</u>	<u>31,118,337</u>
Net Assets, End of Year	<u>\$ 22,990,271</u>	<u>\$ 15,589,846</u>	<u>\$ 38,580,117</u>

The Road Home
Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Government grants and contracts	\$ 13,094,373	\$ -	\$ 13,094,373
Private donors	9,400,078	304,978	9,705,056
Management fees - related party	155,199	-	155,199
In-kind contributions	351,947	1,158,225	1,510,172
Net investment return	264,645	8,080	272,725
Special events	322,713	-	322,713
less costs of direct benefits to donors	(76,924)	-	(76,924)
Change in value of beneficial interest in assets held by affiliated organization	-	1,378,775	1,378,775
Other income	170,272	-	170,272
Net assets released from restrictions	794,493	(794,493)	-
	<u>24,476,796</u>	<u>2,055,565</u>	<u>26,532,361</u>
Expenses			
Program services expense			
Shelter	8,752,150	-	8,752,150
Housing	9,200,434	-	9,200,434
	<u>17,952,584</u>	<u>-</u>	<u>17,952,584</u>
Supporting services expense			
Management and general	1,546,758	-	1,546,758
Fundraising	595,762	-	595,762
	<u>2,142,520</u>	<u>-</u>	<u>2,142,520</u>
	<u>20,095,104</u>	<u>-</u>	<u>20,095,104</u>
Change in Net Assets	4,381,692	2,055,565	6,437,257
Net Assets, Beginning of Year	<u>12,544,918</u>	<u>12,136,162</u>	<u>24,681,080</u>
Net Assets, End of Year	<u>\$ 16,926,610</u>	<u>\$ 14,191,727</u>	<u>\$ 31,118,337</u>

The Road Home
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services Expense			Management and General	Fundraising	Cost of Goods Sold	Total
	Shelter	Housing	Total Program Services				
Personnel expenses	\$ 6,220,157	\$ 4,336,223	\$ 10,556,380	\$ 1,479,135	\$ 526,121	\$ -	\$ 12,561,636
Contract services	689,793	93,217	783,010	9,006	2,770	-	794,786
Conferences and meetings	19,594	32,175	51,769	22,068	1,788	-	75,625
Depreciation	332,136	83,149	415,285	23,029	5,275	-	443,589
Dues and subscriptions	5,759	6,749	12,508	2,918	2,504	-	17,930
Events	-	-	-	-	-	39,917	39,917
Insurance	65,215	56,512	121,727	27,981	-	-	149,708
Miscellaneous	26,148	28,631	54,779	20,665	81,859	-	157,303
Assistance	222,920	5,455,832	5,678,752	-	-	-	5,678,752
Professional fees	93,974	88,276	182,250	53,159	21,818	-	257,227
Rent	1,057,201	57,590	1,114,791	8,757	730	-	1,124,278
Repairs and maintenance	243,325	131,406	374,731	33,217	4,304	-	412,252
Supplies	439,323	40,330	479,653	24,544	44,041	-	548,238
Telephone	96,825	70,074	166,899	10,458	1,650	-	179,007
Training	3,176	9,596	12,772	4,765	34	-	17,571
Transportation	28,620	59,163	87,783	642	2,834	-	91,259
Utilities	94,878	71,371	166,249	2,710	662	-	169,621
Grants to other nonprofits	32,157	399,984	432,141	-	-	-	432,141
	9,671,201	11,020,278	20,691,479	1,723,054	696,390	39,917	23,150,840
Less expenses included with revenues on the consolidated statement of activities							
Costs of direct benefits to donors	-	-	-	-	-	(39,917)	(39,917)
	-	-	-	-	-	(39,917)	(39,917)
Total functional expenses	\$ 9,671,201	\$ 11,020,278	\$ 20,691,479	\$ 1,723,054	\$ 696,390	\$ -	\$ 23,110,923

The Road Home
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services Expense			Management and General	Fundraising	Cost of Goods Sold	Total
	Shelter	Housing	Total Program Services				
Personnel expenses	\$ 5,421,262	\$ 4,082,288	\$ 9,503,550	\$ 1,356,992	\$ 482,046	\$ -	\$ 11,342,588
Contract services	327,022	112,857	439,879	2,133	427	-	442,439
Conferences and meetings	40,569	13,579	54,148	44,272	2,118	-	100,538
Depreciation	336,898	59,951	396,849	737	158	-	397,744
Dues and subscriptions	15,962	(6,883)	9,079	1,932	2,997	-	14,008
Events	-	-	-	-	-	76,924	76,924
Insurance	48,116	27,971	76,087	16,812	-	-	92,899
Miscellaneous	64,729	44,720	109,449	4,392	33,398	-	147,239
Assistance	275,233	4,150,462	4,425,695	-	-	-	4,425,695
Professional fees	120,063	85,126	205,189	58,037	24,776	-	288,002
Rent	697,002	71,507	768,509	6,181	1,323	-	776,013
Repairs and maintenance	596,031	157,990	754,021	2,651	10,145	-	766,817
Supplies	371,073	21,144	392,217	40,919	36,885	-	470,021
Telephone	103,220	54,155	157,375	1,396	653	-	159,424
Training	3,433	3,767	7,200	7,086	152	-	14,438
Transportation	22,215	65,911	88,126	591	122	-	88,839
Utilities	199,654	73,607	273,261	2,627	562	-	276,450
Grants to other nonprofits	109,668	182,282	291,950	-	-	-	291,950
	<u>8,752,150</u>	<u>9,200,434</u>	<u>17,952,584</u>	<u>1,546,758</u>	<u>595,762</u>	<u>76,924</u>	<u>20,172,028</u>
Less expenses included with revenues on the consolidated statement of activities							
Costs of direct benefits to donors	-	-	-	-	-	(76,924)	(76,924)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(76,924)</u>	<u>(76,924)</u>
Total functional expenses	<u>\$ 8,752,150</u>	<u>\$ 9,200,434</u>	<u>\$ 17,952,584</u>	<u>\$ 1,546,758</u>	<u>\$ 595,762</u>	<u>\$ -</u>	<u>\$ 20,095,104</u>

The Road Home
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 7,461,780	\$ 6,437,257
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	443,589	397,744
Gain on sale of property and equipment	-	(8,990)
Gain on Payment Protection Program loan forgiveness	(2,157,000)	-
Gain on related party note payable forgiveness	(1,250,000)	-
Change in beneficial interest in assets held by affiliated organization	(1,891,632)	(1,378,775)
Endowment net investment return	(244,323)	(8,080)
Net realized and unrealized gain on investments	(43,544)	(30,781)
Donated use of facilities	694,935	(694,935)
Change in assets and liabilities		
Grants and contracts receivable	(2,453,802)	318,902
Due from related parties	(301,889)	(102,920)
Promises to give	(55,380)	75,273
Prepaid expenses and other assets	(143,991)	22,806
Accounts payable and accrued expenses	125,273	142,769
Net Cash from Operating Activities	184,016	5,170,270
Investing Activities		
Purchase of property and equipment	(2,239,977)	(1,561,096)
Proceeds from sale of property and equipment	-	15,000
Purchases of investments	(6,758,534)	(9,785,384)
Sales of investments	7,523,481	2,769,438
Net Cash used for Investing Activities	(1,475,030)	(8,562,042)
Financing Activities		
Principal payments on notes payable	(137,935)	-
Proceeds from issuance of notes payable	1,553,000	-
Proceeds from Paycheck Protection Program loan	-	2,157,000
Proceeds from note payable - related party	-	1,250,000
Net Cash from Financing Activities	1,415,065	3,407,000
Net Change in Cash, Cash Equivalents, and Restricted Cash	124,051	15,228
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,718,641	1,703,413
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 1,842,692	\$ 1,718,641

The Road Home
 Consolidated Statements of Cash Flows
 Years Ended June 30, 2021 and 2020

	2021	2020
Cash and Cash Equivalents	\$ 1,842,692	\$ 1,680,510
Restricted Cash	-	38,131
	\$ 1,842,692	\$ 1,718,641
 Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	\$ 35,943	\$ 92,208

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Road Home (TRH) is a nonprofit corporation organized under the laws of the State of Utah. TRH's mission is to help individuals and families step out of homelessness and back into the community through emergency services, personalized case management and collaboration with other community service providers.

The principal programs of TRH are as follows:

- Shelter: Shelter services provides basic short-term shelter services to those in need.
- Housing: Housing provides case management, resources and rental assistance for permanent and transitional housing clients.

Principles of Consolidation

The consolidated financial statements include the accounts of TRH and its wholly-owned single member limited liability companies, Housing Now LLC and Family Housing Solutions LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as TRH or the Organization.

Cash and Cash Equivalents

TRH considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, endowments that are perpetual in nature, or other long-term purposes of TRH are excluded from this definition.

Restricted Cash

Amounts included in restricted cash represent board designated restricted funds for use at designated program locations.

Grants and Contracts Receivable

TRH receives substantial funding through federal, state, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, grants and contracts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that TRH match the funds received with other funds in varying percentages. Management determines the allowance for uncollectible grants and contracts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. At June 30, 2021 and 2020, the allowance was \$0.

Promises to Give

TRH records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue (private donors) in the consolidated statements of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2021 and 2020, the allowance was \$0.

Property and Equipment

TRH records property and equipment additions over \$5,000 at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

TRH reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Beneficial Interest in Assets Held by Affiliated Organization

TRH and donors have transferred funds to an affiliated organization, the Jon M. Huntsman Family Community Shelter Trust (the Huntsman Trust), for the benefit of TRH. TRH has evaluated the terms of the agreements governing the funds held by the Huntsman Trust for the benefit of TRH and recognizes its rights to the assets (financial or nonfinancial) held by the Huntsman Trust as an asset unless the Huntsman Trust is explicitly granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary. Because TRH and the Huntsman Trust are financially interrelated organizations and variance power is not granted to the Huntsman Trust, TRH recognizes its interest in the net assets of the Huntsman Trust and adjusts that interest for its share of the change in net assets of the Huntsman Trust related to the transferred assets.

Investments

TRH records investment purchases at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal expenses.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has designated, from net assets without donor restrictions, net assets for use in investment in property and equipment, net of related debt, and operating reserves.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Program income is billed monthly for property management services (the performance obligation) provided that month. Accordingly, revenue for property management services is recognized each month as the services are provided over time. Any program income received in advance is deferred to the applicable period in which the related services are provided. There was no deferred program income at June 30, 2021 and 2020. TRH records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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 have been substantially met. TRH's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021 and 2020, conditional contributions approximating \$3,466,515 and \$3,467,424, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to TRH's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. TRH records donated goods at the respective fair values of the goods received (Note 14).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, contract services, conferences and meetings, depreciation, dues and subscriptions, insurance, professional fees, rent, repairs and maintenance, supplies, telephone, training, transportation, and utilities, which are allocated on the basis of estimates of time and effort.

Income Taxes

TRH is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction and has been determined not to be a private foundation. TRH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Housing Now LLC and Family Housing Solutions LLC are limited liability companies. As such, the tax effects accrue directly to its member, TRH, and no tax provision is recorded in the accompanying consolidated financial statements.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. TRH would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of TRH's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Trustees believe that the investment policies and guidelines are prudent for the long-term welfare of TRH.

Subsequent Event

TRH has evaluated subsequent events through November 2, 2021, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2021	2020
Cash and cash equivalents	\$ 1,773,792	\$ 1,551,460
Grants and contracts receivable	4,631,429	2,177,627
Due from related parties	506,079	204,190
Promises to give	155,019	99,639
	\$ 7,066,319	\$ 4,032,916

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds and other investments deemed to be prudent and conservative by the Board of Trustees. TRH has an endowment which totals \$902,802 and \$658,479 at June 30, 2021 and 2020, respectively, (Note 12) – of these amounts, \$505,720 is required to be maintained in perpetuity and \$397,082 and \$152,759, respectively, is available for unrestricted purposes. At June 30, 2021 and 2020, TRH also has beneficial interest in assets held by affiliated organization of \$14,063,125 and \$12,171,493, respectively (Note 11) - of this amount \$11,759,418 and \$10,759,418, respectively, are required to be maintained in perpetuity and, \$2,303,707 and \$1,412,075, respectively, are available to support the shelter operated by TRH.

If the need arose, management could make the accumulated investment gains in the endowment assets and the beneficial interest in assets held by affiliated organization for unrestricted purposes available for general use. TRH is also entitled to make distributions from the endowment (Note 12) and beneficial interest in assets held by affiliated organization (Note 11). However, the use of the earnings from the beneficial interest in assets held by affiliated organization is restricted to be used to benefit the shelter operated by TRH and accordingly, any expected distributions TRH receives are not considered in the table above. At June 30, 2021 and 2020, the Board of Trustees has designated \$1,635 and \$2,682, respectively, as an operating reserve. These amounts are included in the cash and cash equivalents total as listed in the table above.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to TRH's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. TRH invests in CD's traded in the financial markets. Those CDs and U. S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The fair value of TRH's beneficial interest in assets held by an affiliated organization is based on the fair value of fund investments as reported by the affiliated organization. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2021:

Assets	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and money market funds (at cost)	\$ 695,092	\$ -	\$ -	\$ -
Debt securities	49,081	-	49,081	-
Mutual funds	5,581,151	5,581,151	-	-
	<u>\$ 6,325,324</u>	<u>\$ 5,581,151</u>	<u>\$ 49,081</u>	<u>\$ -</u>
Endowment Investments				
Cash and money market funds (at cost)	\$ 10,030	\$ -	\$ -	\$ -
Mutual funds	892,772	892,772	-	-
	<u>\$ 902,802</u>	<u>\$ 892,772</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Assets Held by Affiliated Organization	<u>\$ 14,063,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,063,125</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020:

Assets	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and money market funds (at cost)	\$ 711,859	\$ -	\$ -	\$ -
Debt securities	2,286,557	-	2,286,557	-
Certificate of deposits	1,890,877	-	1,890,877	-
Mutual funds	2,157,434	2,157,434	-	-
	<u>\$ 7,046,727</u>	<u>\$ 2,157,434</u>	<u>\$ 4,177,434</u>	<u>\$ -</u>
Endowment Investments				
Cash and money market funds (at cost)	\$ 5,064	\$ -	\$ -	\$ -
Mutual funds	653,415	653,415	-	-
	<u>\$ 658,479</u>	<u>\$ 653,415</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial Interest in Assets Held by Affiliated Organization	<u>\$ 12,171,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,171,493</u>

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)
	<u>Beneficial Interests in Assets Held by Affiliated Organization</u>
<u>Year Ended June 30, 2021</u>	
Balance at June 30, 2020	\$ 12,171,493
Net investment return	2,359,826
Distributions to TRH	<u>(468,194)</u>
Balance at June 30, 2021	<u>\$ 14,063,125</u>
<u>Year Ended June 30, 2020</u>	
Balance at June 30, 2019	\$ 10,792,718
Net investment return	<u>1,378,775</u>
Balance at June 30, 2020	<u>\$ 12,171,493</u>

Note 4 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
U.S. Department of Housing and Urban Development	\$ 1,468,624	\$ 312,278
Salt Lake County	100,000	-
Temporary Assistance for Needy Families	626,428	914,400
State of Utah	1,273,899	504,121
Supportive Services for Verteran Families	348,901	3,264
Tenant-Based Rental Assistance	69,816	67,600
Salt Lake City	551,106	178,668
U.S. Department of Homeland Security	74,400	74,417
Substance Abuse and Mental Health Services Administration	81,986	24,084
Other	<u>36,269</u>	<u>98,795</u>
	<u>\$ 4,631,429</u>	<u>\$ 2,177,627</u>

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Building leasehold improvements	\$ 2,519,137	\$ 275,942
Land	1,057,200	1,057,200
Buildings	1,948,826	1,948,826
Vehicles	501,725	503,525
Furniture and fixtures	446,935	154,592
Capital lease - related party	8,749,963	8,749,963
Construction in progress	-	364,768
	15,223,786	13,054,816
Less accumulated depreciation	(2,968,933)	(2,632,294)
	\$ 12,254,853	\$ 10,422,522

Note 6 - Note Receivable - Palmer Court

TRH has loaned the Palmer Court project \$400,000 in connection with a grant received from the Federal Home Loan Bank of Seattle (FHLB). The loan is non-interest bearing, due in April 2039 and payment is subject to available cash flow. The grant from FHLB requires that the Palmer Court project commit to leasing 141 units to tenants who earn up to 30% of the area median income and 60 units to tenants who earn up to 60% of the area median income as defined by HUD. If Palmer Court fails to comply with these terms through June 2024, the grant could be required to be repaid to the FHLB.

Note 7 - Paycheck Protection Program Loan

TRH was granted a \$2,157,000 loan under the Payment Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. TRH initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. TRH recognized \$2,157,000 of loan forgiveness income for the year ended June 30, 2021. In accordance with PPP loan requirements, TRH is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. TRH is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

Note 8 - Note Payable – Related Party

TRH entered into a note payable agreement with the Huntsman Trust for \$1,250,000 during the year ended June 30, 2020. TRH initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was released by the Huntsman Trust. TRH recognized \$1,250,000 of loan forgiveness income for the year ended June 30, 2021.

Note 9 - Notes Payable

Notes payable consist of the following at June 30, 2021 and 2020 :

	2021	2020
Various notes payable to Olene Walker Housing Loan Fund, that were assumed by TRH upon receiving related in-kind real estate donations, non-interest bearing, principal payments are deferred indefinitely until TRH sells the properties or converts the properties to a use other than transitional or permanent housing solutions.	\$ 305,401	\$ 252,401
Note payable, principal and interest payments due in monthly installments of \$18,562, interest at 1.1%, due November 2023, secured by property	1,362,065	-
Less current portion	(208,808)	-
	\$ 1,458,658	\$ 252,401

Future maturities of notes payable are as follows:

Years Ending June 30,	Amount
2022	\$ 208,808
2023	210,923
2024	942,334
2025	-
2026	-
Thereafter	305,401
	\$ 1,667,466

Note 10 - Leases

TRH leases equipment under various operating leases expiring at various dates through 2025. For the years ended June 30, 2021 and 2020, lease expense under these operating leases totaled \$106,115 and \$129,351, respectively.

Future minimum lease payments are as follows:

Years Ending June 30,	Operating Leases
2022	\$ 283,865
2023	225,924
2024	113,924
2025	71,580
2026	-
Total minimum lease payments	\$ 695,293

TRH leases the Midvale shelter from STH Midvale LLC, which is 100% owned by Shelter the Homeless, Inc. (STH), a related nonprofit organization through related resources and mission. The agreement between STH Midvale LLC and TRH is for TRH to make rent payments equal to the annual loan payments on the Midvale shelter loan until STH Midvale LLC pays off the loan and additionally TRH is to pay \$80 per month. TRH paid \$1,960 in rent for the years ended June 30, 2021 and 2020. TRH capitalized the Midvale shelter at \$8,749,963 in accordance with capital lease standards. As of June 30, 2021 and 2020, accumulated amortization of the capitalized fixed assets under this lease is \$1,631,132 and \$1,339,467, respectively. TRH has not recorded any capital lease obligation since the use of the shelter is being donated to TRH.

In addition, TRH was provided free use of the men’s homeless resource center (MRC) and the Gail Miller resource center (GMRC) from STH, under a year to year lease agreement to operate part of its shelter program from July 1, 2020 to June 30, 2021 for the MRC and November 1, 2020 to June 30, 2021 for the GMRC. The use of these facilities is reflected as in-kind contribution on the consolidated statements of activities and rent on the consolidated statements of functional expenses (Note 16).

Note 11 - Beneficial Interest in Assets Held by Affiliated Organization

In 1992, a donor made a permanently restricted contribution to TRH and stipulated that the earnings be used to benefit the shelter operated by TRH. In 1995, the original donor, TRH, and the Huntsman Trust entered into an agreement whereby the Huntsman Trust was made responsible for the investment and administration of these permanently restricted contributions.

The Huntsman Trust stipulates the trust was created to establish a perpetual fund for the Salt Lake Shelter (as defined in the trust) and that the assets designated to be held in perpetuity may only be distributed to TRH with the consent of a two thirds majority of the Board of Trustees and some additional restrictive stipulations. The earnings on the fund administered by the Huntsman Trust are to be used to benefit TRH and the operations of its shelters. TRH records net assets to be held in perpetuity as (a) the original value of gifts donated to the fund administered by the Huntsman Trust, and (b) the original value of subsequent gifts donated to the fund administered by the Huntsman Trust. The remaining portion of the donor-restricted funds is classified as net assets with donor restrictions until those amounts are appropriated for distribution.

At June 30, 2021 and 2020, TRH has recorded \$14,063,125 and \$12,171,493, respectively, as the value of the beneficial interest in the assets held in the fund administered by the Huntsman Trust relating to these donor restricted contributions. During the years ended June 30, 2021 and 2020, TRH recorded gains of \$2,359,826 and \$1,378,775, respectively, as change in value of beneficial interest in the assets held by the Huntsman Trust. During the years ended June 30, 2021 and 2020, \$468,194 and \$0, respectively, was distributed to and received in cash by TRH. As described in Note 8, TRH entered into a note agreement for \$1,250,000 with the Huntsman Trust during the year ended June 30, 2020, which was subsequently forgiven during the year ended June 30, 2021.

Note 12 - Endowments

TRH's endowment consists of a fund established by donors to provide annual funding for general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of TRH has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations, respectively. As a result of this interpretation, TRH retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

As of June 30, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 505,720	\$ 505,720
Accumulated investment gains	-	397,082	397,082
	<u>\$ -</u>	<u>\$ 902,802</u>	<u>\$ 902,802</u>

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-restricted endowment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 505,720	\$ 505,720
Accumulated investment gains	-	152,759	152,759
	<u>\$ -</u>	<u>\$ 658,479</u>	<u>\$ 658,479</u>

From time to time, certain donor-restricted endowment funds may have fair value less than the amount required to be maintained by donors or by law (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2021 and 2020, there were no such deficiencies.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. A significant portion of the funds are invested to seek growth of principal over time.

Changes in Endowment net assets for the year ending June 30, 2021, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 658,479	\$ 658,479
Investment return, net			
Investment income, net of fees	-	(5,323)	(5,323)
Net realized and unrealized gain	-	249,646	249,646
	-	244,323	244,323
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 902,802</u>	<u>\$ 902,802</u>

Changes in Endowment net assets for the year ending June 30, 2020, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 650,399	\$ 650,399
Investment return			
Investment income, net of fees	-	80	80
Net realized and unrealized gain	-	8,000	8,000
	-	8,080	8,080
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 658,479</u>	<u>\$ 658,479</u>

Note 13 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specified Purpose		
Note receivable - Palmer Court	\$ 400,000	\$ 400,000
House 20 - housing	64,849	65,120
Noorda	-	60,000
LDS - identification documentation	4,051	3,930
Wendell	-	38,131
Donated rent receivable - related party, restricted by donor for MRC	-	694,935
	468,900	1,262,116
Subject to the Passage of Time		
Individual pledges	155,019	99,639
	155,019	99,639
Endowments and Beneficial Interest in Assets		
Subject to endowment spending policy and appropriation		
Available for general use		
Huntsman Trust	943,881	1,412,075
St. Benedict and Gallivan	397,082	152,759
	1,340,963	1,564,834
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Huntsman Trust	\$ 13,119,244	\$ 10,759,418
St. Benedict and Gallivan	505,720	505,720
	13,624,964	11,265,138
	\$ 15,589,846	\$ 14,191,727

Note 14 - Donated Rent, Professional Services and Materials

Donated rent, professional services and materials received during the years ended June 30, 2021 and 2020, are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Year Ending June 30, 2021</u>				
Rent	\$ 378,658	\$ 8,757	\$ 730	\$ 388,145
Blankets	12,201	-	-	12,201
Miscellaneous	10,140	-	-	10,140
	<u>\$ 400,999</u>	<u>\$ 8,757</u>	<u>\$ 730</u>	<u>\$ 410,486</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Year Ending June 30, 2020</u>				
Rent	\$ 706,022	\$ 6,181	\$ 1,323	\$ 713,526
Professional services	-	38,681	-	38,681
Blankets	58,474	-	-	58,474
Miscellaneous	4,556	-	-	4,556
	<u>\$ 769,052</u>	<u>\$ 44,862</u>	<u>\$ 1,323</u>	<u>\$ 815,237</u>

No property and equipment was donated during the years ended June 30, 2021 and 2020.

TRH was provided free use of the Men’s Homeless Resource Center (MRC) from STH, under year to year lease agreements to operate part of its shelter program during the years ended June 30, 2021 and 2020. TRH was also provided free use of the Gail Miller Resource Center from November 1, 2020 to June 30, 2021 for the GMRC. The use of these facilities is reflected as in-kind contribution on the consolidated statements of activities and rent on the consolidated statements of functional expenses (Note 16). Subsequent to year end, TRH extended these lease agreements for an additional year.

Note 15 - Employee Benefits

TRH sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all employees. Employees are eligible to participate in the Plan if they have completed two months of service and normally work more than 20 hours per week, and may voluntarily contribute up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Board of Trustees each plan year. During the years ended June 30, 2021 and 2020, TRH provided matching and discretionary contributions to participants. Total expense related to the Plan for the years ending June 30, 2021 and 2020, was \$327,366 and \$374,053, respectively.

Note 16 - Related Party Transactions

TRH leases the MRC from STH for \$1 per month. TRH has entered into a lease agreement with STH from July 1, 2020 through June 30, 2021, and TRH estimates the fair value of the donated space for this period to be \$694,935. For the year ended June 30, 2021, TRH recorded a beginning receivable balance and current period in-kind expense totaling \$694,935 to reflect the estimated fair value of this lease transaction.

TRH leases the Gail Miller resource center from STH for \$10 annually. TRH has entered into a lease agreement with STH from November 1, 2020 through June 30, 2021, and TRH estimates the fair value of the donated space for this period to be \$388,145. During the year ended June 30, 2021, TRH has recorded contributed in-kind revenue and corresponding in-kind expense totaling \$388,145 to reflect the estimated fair value of this lease transaction.

As more fully described in Note 10, TRH leases the Midvale shelter from STH Midvale LLC, which is 100% owned by STH.

For the years ended June 30, 2021 and 2020, TRH recorded management and administration fee revenue in the amounts of \$158,215 and \$155,199, respectively, from Palmer Court and STH Wendell, LLC.

As more fully described in Note 6, TRH has a long-term note receivable from Palmer Court totaling \$400,000 at June 30, 2021 and 2020.

Due from related parties totaled \$504,608 and \$204,190 at June 30, 2021 and 2020, respectively, representing amounts due from STH, Palmer Court and the Wendell Apartments. Amounts are non-interest bearing.

At June 30, 2021 and 2020, TRH has a payable to Shelter the Homeless Committee of \$0 and \$51,057, respectively, for security services provided to the downtown shelter and the men's homeless resource center.

As more fully described in Note 8, TRH has a note payable due to the Huntsman Trust totaling \$0 and \$1,250,000 at June 30, 2021 and 2020, respectively.

Note 17 - Concentrations

A significant portion of TRH's support is provided through government grants and contracts. A loss of this support would have a materially adverse effect on TRH.

Note 18 - Contingencies and Commitments

TRH has received various in-kind contributions of residential real estate from housing authorities to be used for the purpose of providing housing solutions to those served by TRH. The agreements require TRH to use the real estate for low-income housing purposes. If TRH sells the property, it will have to pay \$305,401 to The Olene Walker Housing Loan Fund.

As more fully described in Note 6, TRH received a grant from FHLB which was then loaned to Palmer Court. Palmer Court must comply with the leasing commitments through June 2024 or the grant could be required to be repaid.



Federal Awards Reports in Accordance
With the Uniform Guidance
June 30, 2021

The Road Home



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Trustees and Management of
The Road Home
Salt Lake City, Utah

We have audited, 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, the consolidated financial statements of The Road Home, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Road Home'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Road Home’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Road Home’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Road Home's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
November 2, 2021



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
The Road Home
Salt Lake City, Utah

Report on Compliance for Each Major Federal Program

We have audited The Road Home’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Road Home’s major federal programs for the year ended June 30, 2021. The Road Home’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of The Road Home’s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Road Home’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Road Home’s compliance.

Opinion on Each Major Federal Program

In our opinion, The Road Home’s 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, 2021.

Report on Internal Control over Compliance

Management of The Road Home is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Road Home's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Road Home's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

The image shows a handwritten signature in black ink that reads "Esde Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
November 2, 2021

The Road Home
Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Department of Homeland Security:				
Passed through from Federal Emergency Management Agency:				
Emergency Food and Shelter Program	97.024	LRO 851000-001	\$ 335,632	\$ -
U.S. Department of Housing and Urban Development				
Passed through from:				
Salt Lake City - RRH	14.231	72-5-21-2715	40,765	-
Salt Lake City - RRH	14.231	72-5-20-1796-2	9,450	-
Salt Lake County - RRH	14.231	HCD19530ES	91,939	-
State of Utah - Motel Vouchers	14.231	21-1010	139,742	-
Salt Lake County - Shelter	14.231	HCD19520ES	57,803	-
State of Utah - Street Outreach COVID-19	14.231	21-1771 A	101,382	-
State of Utah - MRC COVID-19	14.231	21-1771 B	292,405	-
State of Utah - RRH COVID-19	14.231	21-1771 C	135,950	-
State of Utah - St. Vincent's COVID-19	14.231	21-1771 D	122,768	-
State of Utah - Motel Vouchers COVID-19	14.231	21-1771 E	9,000	-
State of Utah - GMRC COVID-19	14.231	21-1771 F	301,095	-
Salt Lake County - RRH COVID-19	14.231	HCDCV520ES	284,977	-
Salt Lake City - Prevention COVID-19	14.231	72-5-21-3249	23,999	-
Total Emergency Solutions Expenditures			<u>1,611,275</u>	<u>-</u>
Direct Award:				
Shelter + Care II	14.267	UT0006L8T001912	130,590	-
Shelter + Care IV	14.267	UT0053L8T001910	141,805	-
Shelter + Care V	14.267	UT0042L8T001906	55,325	-
CHSH FY20	14.267	UT0076L8T001807	246,202	-
CHSH FY21	14.267	UT0076L8T001908	322,440	-
PSH Consolidated FY21	14.267	UT0104L8T001905	1,368,501	-
PSH Consolidated FY20	14.267	UT0104L8T001804	601,221	-
RRH Consolidated FY20	14.267	UT0089L8T001906	215,481	-
RRH Consolidated FY21	14.267	UT0089L8T002007	48,148	-
Scattered Site FY20	14.267	UT0032L8T001910	13,594	-
Scattered Site FY21	14.267	UT0032L8T002011	11,064	-
Total Continuum of Care Expenditures			<u>3,154,371</u>	<u>-</u>
Passed through from:				
Salt Lake County	14.239	HCD20104HM	200,000	-
Salt Lake City	14.239	72-5-21-2713	300,000	-
Total Tenant Based Rental Assistance Expenditures			<u>500,000</u>	<u>-</u>

See Notes to Consolidated Schedule of Expenditures of Federal Awards

The Road Home
Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
Passed through from:				
West Valley City - Shelter	14.218	2020-2021	\$ 12,000	\$ -
West Jordan City - Shelter	14.218	4801-473413	8,704	-
Taylorsville - Shelter	14.218	2020-2021	9,253	-
South Jordan - Shelter	14.218	2020-2021	5,000	-
Sandy City - Housing Rehabilitation	14.218	2020-2021	15,645	-
Sandy City - Shelter	14.218	2020-2021	7,000	-
Sandy City - Case Management	14.218	2020-2021	10,500	-
Sandy City - Housing Rehabilitation	14.218	2018-2019	5,000	-
West Jordan City - Shelter COVID-19	14.218	4801-473413	3,296	-
Sandy City - RRH COVID-19	14.218	2020-2021 CV	12,603	-
Sandy City - MRC COVID-19	14.218	2020-2021 CV	20,000	-
Sandy City - Shelter COVID-19	14.218	2020-2021 CV	10,000	-
Salt Lake County - RRH COVID-19	14.218	HCDCV520CS	49,500	-
Salt Lake City - GMRC COVID-19	14.218	71-5-21-3228	941	-
Total Community Development Block Grants - Entitlement Grants Cluster			<u>169,442</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>5,435,088</u>	<u>-</u>
U.S. Department of Veteran Affairs				
Direct Award:				
Supportive Services for Veteran Families	64.033	15-UT-336	778,263	-
SSVF CARES	64.033	15-UT-336 CA	1,115,990	-
Total Supportive Services for Veteran Families Expenditures			<u>1,894,253</u>	<u>-</u>
U.S. Department of Health and Human Services				
Direct Award:				
Chronic Homeless Services & Housing	93.243	3H79TI080402-02S1	179,570	68,650
Chronic Homeless Services & Housing	93.243	5H79TI080402-03	337,553	45,000
Total Chronic Homeless Services & Housing Expenditures			<u>517,123</u>	<u>113,650</u>
Passed through from:				
Department of Workforce Services				
State of Utah	93.558	#18DWS0137	557,536	-
State of Utah - Midvale	93.558	19-0027	1,833,593	-
Total Temporary Assistance for Needy Families Cluster			<u>2,391,129</u>	<u>-</u>
Total Department of Health and Human Services			<u>2,908,252</u>	<u>113,650</u>

See Notes to Consolidated Schedule of Expenditures of Federal Awards

The Road Home
Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. Federal Transportation Administration				
Passed through from Utah Transit Authority:				
Transit Services Program Cluster	20.513	19-03104	3,311	-
U.S. Department of the Treasury				
Passed through from:				
Salt Lake County - CPGP CARES	21.019	CPGP2020058	160,878	-
Midvale City - CARES	21.019	CARES Mattresses	42,977	-
Total CARES Cluster			<u>203,855</u>	-
Total Federal Assistance			<u>\$ 10,780,391</u>	<u>\$ 113,650</u>

Note 1 - Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the schedule) includes the federal award activity of The Road Home under programs of the federal government for the year ended June 30, 2021. The information 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 The Road Home, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Road Home.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
Continuum of Care Grants	14.267
Supportive Services for Veterans Families	64.033
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None