Consolidated Financial Statements
June 30, 2023 and 2022

The Road Home

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Road Home, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Road Home as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Road Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 of the consolidated financial statements, the organization has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases,* as of July 1, 2022, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Road Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Road Home'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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 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 October 26, 2023 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.

Eide Bailly LLP

Salt Lake City, Utah
October 26, 2023

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 785,996	$ 676,757
Grants and contracts receivable	2,867,419	5,366,467
Due from related parties	374,390	416,518
Promises to give	253,556	203,184
Prepaid expenses and other assets	551,034	109,244
Total current assets	4,832,395	6,772,170
Property and Equipment, Net	11,781,036	12,080,358
Operating Lease Right-of-Use Asset	113,495	-
Financing Lease Right-of-Use Asset	150,640	-
Note Receivable - Palmer Court	400,000	400,000
Investments	4,043,239	4,774,773
Endowment Investments	775,310	717,256
Beneficial Interest in Assets Held by Affiliated Organization	14,015,749	12,696,109
Total assets	$ 36,111,864	$ 37,440,666

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 406,272	$ 599,560
Accrued expenses	611,697	623,194
Notes payable, current	74,094	220,608
Current maturities of operating lease liability	37,808	-
Current maturities of financing lease liability	92,234	-
Total current liabilities	1,222,105	1,443,362
Notes Payable, Net of Current Portion	305,401	379,478
Operating lease liability, less current maturities	75,687	-
Financing lease liability, less current maturities	60,362	-
Total liabilities	1,663,555	1,822,840
Net Assets		
Without donor restrictions		
Undesignated	7,652,796	10,115,740
Designated by board for investment in property and equipment, net of related debt	11,401,541	11,480,272
	19,054,337	21,596,012
With donor restrictions	15,393,972	14,021,814
Total net assets	34,448,309	35,617,826
Total liabilities and net assets	$ 36,111,864	$ 37,440,666

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Government grants and contracts	$ 18,729,137	$ -	$ 18,729,137
Private donors	5,250,017	9,114	5,259,131
Property management fees - related parties	216,469	-	216,469
In-kind contributions	240,713	1,480,823	1,721,536
Net investment gain	135,222	58,054	193,276
Special events	155,905	-	155,905
less costs of direct benefits to donors	(95,950)	-	(95,950)
Change in value of beneficial interest in assets held by affiliated organization	-	1,920,917	1,920,917
Other income	306,188	-	306,188
Net assets released from restrictions	2,096,750	(2,096,750)	-
Total revenue, support, and gains	27,034,451	1,372,158	28,406,609
Expenses			
Program services expense			
Shelter	13,100,627	-	13,100,627
Housing	13,512,268	-	13,512,268
Total program services expense	26,612,895	-	26,612,895
Supporting services expense			
Management and general	2,018,497	-	2,018,497
Fundraising	944,734	-	944,734
Total supporting services expense	2,963,231	-	2,963,231
Total expense	29,576,126	-	29,576,126
Change in Net Assets	(2,541,675)	1,372,158	(1,169,517)
Net Assets, Beginning of Year	21,596,012	14,021,814	35,617,826
Net Assets, End of Year	$ 19,054,337	$ 15,393,972	$ 34,448,309

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Government grants and contracts	$ 18,776,171	$ -	$ 18,776,171
Private donors	4,793,896	145,836	4,939,732
Property management fees - related parties	204,865	-	204,865
In-kind contributions	56,477	1,277,154	1,333,631
Net investment loss	(147,833)	(185,546)	(333,379)
Special events	177,309	-	177,309
less costs of direct benefits to donors	(63,093)	-	(63,093)
Change in value of beneficial interest in assets held by affiliated organization	-	(846,647)	(846,647)
Other income	247,783	-	247,783
Net assets released from restrictions	1,958,829	(1,958,829)	-
Total revenue, support, and gains	26,004,404	(1,568,032)	24,436,372
Expenses			
Program services expense			
Shelter	11,664,482	-	11,664,482
Housing	13,098,950	-	13,098,950
Total program services expense	24,763,432	-	24,763,432
Supporting services expense			
Management and general	1,867,298	-	1,867,298
Fundraising	767,933	-	767,933
Total supporting services expense	2,635,231	-	2,635,231
Total expense	27,398,663	-	27,398,663
Change in Net Assets	(1,394,259)	(1,568,032)	(2,962,291)
Net Assets, Beginning of Year	22,990,271	15,589,846	38,580,117
Net Assets, End of Year	$ 21,596,012	$ 14,021,814	$ 35,617,826

	Program Services Expense						
	Shelter	Housing	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Personnel expenses	$ 6,345,235	$ 3,530,835	$ 9,876,070	$ 1,207,555	$ 562,534	$ -	$ 11,646,159
Employee fringe benefits	1,807,485	1,135,081	2,942,566	337,513	149,558	-	3,429,637
Contract services	662,528	82,307	744,835	65,603	2,399	-	812,836
Conferences and meetings	77,166	48,058	125,223	12,148	6,016	-	143,387
Depreciation and amortization	444,529	147,573	592,102	108,777	15,248	-	716,127
Dues and subscriptions	-	3,700	3,700	6,152	633	-	10,485
Events	-	-	-	-	-	95,950	95,950
Insurance	62,607	22,347	84,955	33,885	697	-	119,536
Miscellaneous	5,538	6,721	12,259	4,399	135,911	-	152,569
Assistance	721,879	6,203,278	6,925,156	-	-	-	6,925,156
Professional fees	62,027	91,910	153,937	84,961	36,251	-	275,149
Rent	1,492,823	17,100	1,509,923	-	-	-	1,509,923
Repairs and maintenance	466,513	169,335	635,848	37,143	3,416	-	676,407
Supplies	487,185	18,754	505,939	74,356	11,246	-	591,541
Telephone	90,986	65,933	156,919	30,392	3,860	-	191,171
Training	6,095	4,545	10,640	184	1,320	-	12,144
Transportation	58,950	128,246	187,196	4,743	13,035	-	204,974
Utilities	164,082	94,998	259,080	10,685	2,612	-	272,377
Grants to other nonprofits	145,000	1,741,548	1,886,548	-	-	-	1,886,548
	13,100,627	13,512,268	26,612,895	2,018,497	944,734	95,950	29,672,076
Less expenses included with revenues on the consolidated statement of activities							
Costs of direct benefits to donors	-	-	-	-	-	(95,950)	(95,950)
Total functional expenses	$ 13,100,627	$ 13,512,268	$ 26,612,895	$ 2,018,497	$ 944,734	$ -	$ 29,576,126

The Road Home

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services Expense						
	Shelter	Housing	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Personnel expenses	$ 5,856,922	$ 3,620,243	$ 9,477,165	$ 1,204,168	$ 415,359	$ -	$ 11,096,692
Employee fringe benefits	1,531,883	1,038,040	2,569,923	375,312	95,867	-	3,041,102
Contract services	668,022	93,165	761,187	13,589	1,342	-	776,118
Conferences and meetings	41,001	30,897	71,898	24,473	1,627	-	97,998
Depreciation and amortization	344,897	109,734	454,631	88,080	13,305	-	556,016
Dues and subscriptions	1,025	4,644	5,669	2,495	1,695	-	9,859
Events	-	-	-	-	-	63,093	63,093
Insurance	57,823	18,672	76,495	26,063	599	-	103,157
Miscellaneous	13,493	11,348	24,841	20,965	110,587	-	156,393
Assistance	609,362	6,436,667	7,046,029	-	25,000	-	7,071,029
Professional fees	84,241	108,356	192,597	38,598	30,592	-	261,787
Rent	1,291,174	16,120	1,307,294	-	-	-	1,307,294
Repairs and maintenance	360,227	134,191	494,418	29,209	1,206	-	524,833
Supplies	473,876	47,063	520,939	16,247	57,392	-	594,578
Telephone	96,063	72,315	168,378	12,823	2,732	-	183,933
Training	7,496	7,593	15,089	5,305	429	-	20,823
Transportation	46,350	113,389	159,739	1,168	8,049	-	168,956
Utilities	106,651	79,086	185,737	8,803	2,152	-	196,692
Grants to other nonprofits	73,976	1,157,427	1,231,403	-	-	-	1,231,403
	11,664,482	13,098,950	24,763,432	1,867,298	767,933	63,093	27,461,756
Less expenses included with revenues on the consolidated statement of activities							
Costs of direct benefits to donors	-	-	-	-	-	(63,093)	(63,093)
Total functional expenses	$ 11,664,482	$ 13,098,950	$ 24,763,432	$ 1,867,298	$ 767,933	$ -	$ 27,398,663

	2023	2022
Operating Activities		
Change in net assets	$ (1,169,517)	$ (2,962,291)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	716,127	556,016
Donated land improvements	(141,649)	-
Change in beneficial interest in assets held by affiliated organization	(1,920,917)	846,647
Endowment net investment (return) loss	(58,054)	185,546
Net realized and unrealized (gain) loss on investments	(135,222)	214,607
Change in assets and liabilities		
Grants and contracts receivable	2,499,048	(735,038)
Due from related parties	42,128	89,561
Promises to give	(50,372)	(48,165)
Prepaid expenses and other assets	(441,790)	269,929
Accounts payable and accrued expenses	(63,136)	(62,162)
Net Cash used for Operating Activities	(723,354)	(1,645,350)
Investing Activities		
Purchase of property and equipment	(325,541)	(309,518)
Purchases of investments	(1,697,736)	(1,900,755)
Sales of investments	2,564,492	3,236,699
Proceeds from beneficial interest in assets held by affiliated organization	601,277	520,369
Net Cash from Investing Activities	1,142,492	1,546,795
Financing Activities		
Principal payments on notes payable	(220,591)	(1,067,380)
Principal payments on financing lease liabilities	(89,308)	-
Net Cash used for Financing Activities	(309,899)	(1,067,380)
Net Change in Cash and Cash Equivalents	109,239	(1,165,935)
Cash and Cash Equivalents, Beginning of Year	676,757	1,842,692
Cash and Cash Equivalents, End of Year	$ 785,996	$ 676,757
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	$ -	$ 72,003
Donated land improvements	141,649	-

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 provide 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.

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022.

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 (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized 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.

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 without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 provided that month. Accordingly, revenue for property management services is recognized each month as the services are provided over time and the performance obligation is met. 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, 2023 and 2022. TRH records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference.

Contributions, including government grants and contracts and amounts from private donors, 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, 2023 and 2022, conditional contributions of $7,309,199 and $5,383,750, 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

In-kind contributions include donated professional services, donated property and equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 13). TRH does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to 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.

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, assistance, 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), that 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

TRH manages deposit concentration risk 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, TRH has not experienced losses 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.

TRH maintains its cash in bank deposit accounts which may exceed federally insured limits from time to time. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023 and 2022, TRH had approximately $500,000 and $150,000, respectively, in excess of FDIC-insured limits.

Subsequent Event

TRH has evaluated subsequent events through October 26, 2023, the date the consolidated financial statements were available to be issued.

Note 2 - Adoption of Accounting Standards Codification Topic 842

Effective July 1, 2022, TRH adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the consolidated statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability and right-of-use asset of $47,785 and a financing lease liability and right-of-use asset of $244,115. The adoption of the new standard did not materially impact the Organization's consolidated statements of operations or consolidated statements of cash flows. See Note 9 for further disclosure of the Organization's lease contracts.

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, comprise the following:

	2023	2022
Cash and cash equivalents	$ 780,530	$ 671,492
Grants and contracts receivable	2,867,419	5,366,467
Due from related parties	374,390	416,518
Promises to give	253,556	188,534
	$ 4,275,895	$ 6,643,011

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 $775,310 and $717,256 at June 30, 2023 and 2022, respectively, (Note 11) – of these amounts, $505,720 is required to be maintained in perpetuity and $269,590 and $211,536 respectively, is available for unrestricted purposes. At June 30, 2023 and 2022, TRH also has beneficial interest in assets held by affiliated organization of $14,015,749 and $12,696,109, respectively (Note 10) - of this amount $13,759,418 and $12,759,418, respectively, are required to be maintained in perpetuity and, $256,331 and $0, respectively, are available to support the shelter operated by TRH.

Note 4 - 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, 2023:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Cash and money market funds (at cost)	$ 16,229	$ -	$ -	$ -
Stocks, options, and ETF's	64,823	64,823		
CDs and U.S. government obligations	1,003,585	-	1,003,585	-
Mutual funds	2,958,602	2,958,602	-	-
	$ 4,043,239	$ 3,023,425	$ 1,003,585	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 27,930	$ -	$ -	$ -
Mutual funds	747,380	747,380	-	-
	$ 775,310	$ 747,380	$ -	$ -
Beneficial Interest in Assets Held by Affiliated Organization	$ 14,015,749	$ -	$ -	$ 14,015,749

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2022:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Cash and money market funds (at cost)	$ 88,647	$ -	$ -	$ -
CDs and U.S. government obligations	1,009,777	-	1,009,777	-
Mutual funds	3,676,349	3,676,349	-	-
	$ 4,774,773	$ 3,676,349	$ 1,009,777	$ -
Endowment Investments				
Cash and money market funds (at cost)	$ 15,487	$ -	$ -	$ -
Mutual funds	701,769	701,769	-	-
	$ 717,256	$ 701,769	$ -	$ -
Beneficial Interest in Assets Held by Affiliated Organization	$ 12,696,109	$ -	$ -	$ 12,696,109

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, 2023:

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)
	Beneficial Interests in Assets Held by Affiliated Organization
Balance at June 30, 2022	$ 12,696,109
Net investment return	1,920,917
Distributions to TRH	(601,277)
Balance at June 30, 2023	$ 14,015,749

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, 2022

	Fair Value Measurements at Reporting Date Using Significant Unobservable Inputs (Level 3)
Balance at June 30, 2021	$ 14,063,125
Net investment return (loss)	(846,647)
Distributions to TRH	(520,369)
Balance at June 30, 2022	$ 12,696,109

Note 5 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
U.S. Department of Housing and Urban Development	$ 486,674	$ 429,747
Salt Lake County	197,018	177,900
Department of Workforce Services	355,551	117,400
State of Utah	620,385	4,268,498
Supportive Services for Veteran Families	382,154	150,877
Salt Lake City	536,415	171,031
Substance Abuse and Mental Health Services Administration	25,449	26,725
Other	263,773	24,289
	$ 2,867,419	$ 5,366,467

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2023 and 2022:

	2023	2022
Building leasehold improvements	$ 2,756,186	$ 2,686,769
Land	1,057,200	1,057,200
Land improvements	141,649	-
Buildings	1,948,826	1,948,826
Vehicles	515,032	545,998
Furniture and fixtures	637,069	575,393
Capital lease - related party	8,749,963	8,749,963
Construction in progress	-	7,000
	15,805,925	15,571,149
Less accumulated depreciation	(4,024,889)	(3,490,791)
	$ 11,781,036	$ 12,080,358

During the year ended June 30, 2023, the Organization received a donation of land improvements in the amount of $141,649 (Note 13).

Note 7 - 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 8 - Notes Payable

Notes payable consist of the following at June 30, 2023 and 2022:

	2023	2022
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	$ 305,401
Note payable, principal and interest payments due in monthly installments of $18,562, interest at 1.1%, due November 2023, secured by property.	74,094	294,685
Less current portion	(74,094)	(220,608)
	$ 305,401	$ 379,478

Future maturities of notes payable are as follows:

Years Ending June 30,	Amount
2024	$ 74,094
2025	-
2026	-
2027	-
2028	-
Thereafter	305,401
	$ 379,495

Note 9 - Leases

TRH leases equipment under various operating leases expiring at various dates through 2025. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Company has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Company has applied the risk-free rate option to the building and office equipment classes of assets.

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

The Company elected the practical expedient to not separate lease and non-lease components for office equipment leases.

Total lease costs for the year ended June 30, 2023 were as follows:

Operating lease cost	$	11,003
Finance lease cost:		
Interest expense		1,566
Amortization of right-of-use assets		91,264

Total lease expense under noncancelable leases was $98,969 for the year June 30, 2022.

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilties		
Operating cash flows from operating leases	$	113,495
Operating cash flows from finance leases		1,566
Financing cash flows from finance leases		(89,308)

The following summarizes the weighted-average remaining lease term and weight-average discount rate for the year ended June 30, 2023:

Weighted-average remaining lease term:		
Operating leases	2.28	years
Finance leases	1.65	years
Weighted-average discount rate:		
Operating leases	3.71%	
Finance leases	1.49%	

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023.

	Operating	Finance
2024	$ 58,579	$ 93,084
2025	39,222	60,532
2026	21,036	-
Total lease payments	118,837	153,616
Less interest	(5,342)	(1,020)
Present value of lease liabilities	$ 113,495	$ 152,596

Future minimum payments determined under the guidance in Topic 840 are listed below as of June 30, 2022.

Years Ending June 30,	Operating Leases
2023	$ 248,148
2024	118,068
2025	63,538
Total minimum lease payments	$ 429,754

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, 2023 and 2022. TRH capitalized the Midvale shelter at $8,749,963 in accordance with capital lease standards. As of June 30, 2023 and 2022, accumulated amortization of the capitalized fixed assets under this lease is $2,214,463 and $1,922,798, 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, 2021 to June 30, 2023 for the MRC and November 1, 2020 to June 30, 2023 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 10 - 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, 2023 and 2022, TRH has recorded $14,015,749 and $12,696,109, 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, 2023 and 2022, TRH recorded a gain of $1,920,917 and a loss of $846,647, respectively, as change in value of beneficial interest in the assets held by the Huntsman Trust. During the years ended June 30, 2023 and 2022, $601,277 and $520,369, respectively, was distributed to and received in cash by TRH.

From time to time, the fair value of assets associated with the beneficial interest funds may fall below the level that the donor requires the Trust to retain in perpetuity. At June 30, 2022, a deficiency of this nature existed for the beneficial interest, which had an original gift value of $12,759,418, a current fair value of $12,696,109, and a deficiency of $63,309. This deficiency resulted from unfavorable market fluctuations that occurred shortly before June 30, 2022. Despite the deficiency, continued appropriations were made by TRH for certain programs as deemed prudent by TRH and the Trust. No such deficiency existed as of June 30, 2023, as the fair value of assets associated with the beneficial interest was above the level that the donor requires to be retained in perpetuity.

Note 11 - Endowments

TRH's endowment (the 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, 2023 and 2022, 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, 2023, 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	-	269,590	269,590
	$ -	$ 775,310	$ 775,310

As of June 30, 2022, 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	-	211,536	211,536
	$ -	$ 717,256	$ 717,256

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, 2023 and 2022, 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, 2023, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 717,256	$ 717,256
Investment return, net			
Investment income, net of fees	-	10,905	10,905
Net realized and unrealized gain	-	47,149	47,149
	-	58,054	58,054
Endowment net assets, end of year	$ -	$ 775,310	$ 775,310

Changes in Endowment net assets for the year ending June 30, 2022, are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 902,802	$ 902,802
Investment return			
Investment income (loss), net of fees	-	12,895	12,895
Net realized and unrealized loss	-	(198,441)	(198,441)
	-	(185,546)	(185,546)
Endowment net assets, end of year	$ -	$ 717,256	$ 717,256

Note 12 - Net Assets with Donor Restrictions

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

	2023	2022
Subject to Expenditure for Specified Purpose		
Note receivable - Palmer Court	$ 400,000	$ 400,000
House 20 - housing	5,265	5,265
National Charity League	-	14,650
LDS - identification documentation	201	-
	405,466	419,915
Subject to the Passage of Time		
Individual pledges	197,447	188,534
	197,447	188,534
Endowments and Beneficial Interest in Assets		
Subject to endowment spending policy and appropriation		
Available for general use		
Huntsman Trust	256,331	-
St. Benedict and Gallivan	269,590	211,536
	525,921	211,536
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Huntsman Trust	13,759,418	12,696,109
St. Benedict and Gallivan	505,720	505,720
	14,265,138	13,201,829
	$ 15,393,972	$ 14,021,814

Note 13 - Donated Rent, Professional Services and Materials

Donated rent, professional services and materials received during the years ended June 30, 2023 and 2022, are as follows:

	Program Services	Management and General	Fundraising	Total
Year Ending June 30, 2023				
Rent	$ 1,480,823	$ -	$ -	$ 1,480,823
Blankets	49,920	-	-	49,920
Land improvements	141,649			141,649
Miscellaneous	49,144	-	-	49,144
	$ 1,721,536	$ -	$ -	$ 1,721,536

	Program Services	Management and General	Fundraising	Total
Year Ending June 30, 2022				
Rent	$ 1,277,154	$ -	$ -	$ 1,277,154
Blankets	27,696	-	-	27,696
Miscellaneous	28,781	-	-	28,781
	$ 1,333,631	$ -	$ -	$ 1,333,631

Land improvements of $141,649 were donated during the year ended June 30, 2023 and capitalized as part of property and equipment on the consolidated statement of financial position. No property and equipment was donated during the year ended June 30, 2022.

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, 2023 and 2022. TRH was also provided free use of the Gail Miller Resource Center from November 1, 2020 to June 30, 2023 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. Subsequent to year end, TRH extended these lease agreements for an additional year.

Note 14 - 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, 2023 and 2022, TRH provided matching and discretionary contributions to participants. Total expense related to the Plan for the years ending June 30, 2023 and 2022, was $422,012 and $369,502, respectively.

Note 15 - Related Party Transactions

TRH leases the MRC from STH for $1 per month. TRH has entered into lease agreements with STH from July 1, 2022 through June 30, 2023, and from July 1, 2021 through June 30, 2022 and TRH estimates the fair value of the donated space for these years to be $825,760 and $694,935, respectively. During the years ended June 30, 2023 and 2022, TRH recorded in-kind contributions and in-kind expense of $825,760 and $694,935, respectively, 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 lease agreements with STH from July 1, 2022 through June 30, 2023 and from July 1, 2021 through June 30, 2022, and TRH estimates the fair value of the donated space for these periods to be $655,063 and, $582,219, respectively. During the years ended June 30, 2023 and 2022, TRH has recorded in-kind contributions and corresponding in-kind expense totaling $655,063 and $582,219, respectively, to reflect the estimated fair value of this lease transaction.

As more fully described in Note 9, TRH leases the Midvale shelter from STH Midvale LLC, which is 100% owned by STH.

For the years ended June 30, 2023 and 2022, TRH recorded management and administration fee revenue in the amounts of $216,469 and $204,865, respectively, from Palmer Court, STH Wendell, LLC, and STH Magnolia, LLC.

As more fully described in Note 7, TRH has a long-term note receivable from Palmer Court totaling $400,000 at June 30, 2023 and 2022.

Due from related parties totaled $374,390 and $416,518 at June 30, 2023 and 2022, respectively, representing amounts due from STH, Palmer Court and the Wendell Apartments. Amounts are non-interest bearing.

Note 16 - 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 17 - 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 properties, it will have to pay $305,401 to The Olene Walker Housing Loan Fund.

As more fully described in Note 7, 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, 2023

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 statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 26, 2023.

Report on 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 consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Eide Bailly LLP

Salt Lake City, Utah
October 26, 2023

EideBailly

CPAs & BUSINESS ADVISORS

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

Opinion on Each Major Federal Program

We have audited The Road Home'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 The Road Home's major federal programs for the year ended June 30, 2023. 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.

In our opinion, The Road Home complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Road Home 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 Road Home'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 Road Home's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Road Home'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 GAAS, *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 Road Home's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Road Home'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 Road Home'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 Road Home's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
October 26, 2023

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:				
Phase ARPA-R	97.024	LRO 851000-00	$ 113,556	$ -
Phase 40 COVID-19	97.024	LRO 851000-001	135,222	-
Total Emergency Food and Shelter Program			248,778	-
U.S. Department of Housing and Urban Development				
Passed through from:				
Salt Lake County - ESG RRH	14.231		80,232	-
Salt Lake City - ESG RRH	14.231	72-5-23-4505	51,816	-
Salt Lake City - ESG Prevention	14.231	72-5-23-4504	30,000	
State of Utah - TRH Motel/Hotel	14.231		146,808	-
Salt Lake City - ESG Prevention COVID-19	14.231	72-5-21-3249	58,258	-
State of Utah - Winter Overflow - MRC Direct	14.231	23-DWS-0408-A	260,435	-
State of Utah - Winter Overflow - GMRC	14.231	23-DWS-0408-B	114,965	-
Total Emergency Solutions Expenditures			742,514	-
Direct Award:				
CHSH FY21	14.267	UT0076L8T002009	220,666	-
CHSH FY22	14.267	UT0076L8T002110	401,127	-
PSH Consolidated FY22	14.267	UT0104L8T002006	128,129	-
S+C IV FY 21	14.267	UT0053L8T002011	112,289	-
Shelter + Care IV FY22	14.267	UT0042L8T002007	45,679	-
Shelter + Care II FY22	14.267	UT0006L8T002013	24,845	-
Shelter + Care II FY23	14.267	UT0006L8T002114	2,307,395	-
Scattered Site FY23	14.267	UT0032L8T002112	15,835	-
Scattered Site FY24	14.267	UT0032L8T002213	3,473	-
RRH for Families Consolidated FY23	14.267	UT0089L8T002108	79,508	-
RRH for Families Consolidated FY24	14.267	UT0089L8T002209	86,875	-
Magnolia FY23	14.267	UT0171L8T002100	178,439	-
Housing Connect CoC Case Management	14.267	None	104,349	-
Total Continuum of Care Expenditures			3,708,610	-

See Notes to Consolidated Schedule of Expenditures of Federal Awards

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 Jordan City - Shelter	14.218	4801-473413	9,200	-
South Jordan - Shelter	14.218	None	8,000	-
Taylorsville - Shelter	14.218	None	8,420	-
Sandy City - Homeless Resource Center Ops	14.218	None	6,843	-
Sandy City - Case Management for PSH	14.218	None	4,562	-
Salt Lake City - Housing Staffing	14.218	71-5-23-4567	40,000	-
Salt Lake City - CDBG Palmer Court Rehab	14.218		92,990	-
Salt Lake County - CDBG Housing COVID-19	14.218	HCDCV520CS	49,500	-
Total Community Development Block Grants - Entitlement Grants Cluster			219,515	-
Passed through from:				
Salt Lake City - HOME TBRA	14.239	72-5-23-4503	200,000	-
Salt Lake County - HOME TBRA	14.239	HCD22101HM	400,000	-
Salt Lake County - HOME Scttred Site Rehab	14.239	HCD21110HM	46,464	-
Salt Lake City - HOME TBRA	14.239	72-1-22-3535	6,972	-
Salt Lake City - 242 W Ardmore Rehab	14.239	72-1-22-3866-1	3,000	-
Salt Lake City - 253 W 400 N Rehab	14.239	72-1-22-3537	3,000	-
Salt Lake City - HOME Wendell	14.239		25,000	-
Salt Lake County - HOME Wendell	14.239		61,000	-
Total Tenant-Based Rental Assistance Grants			745,436	-
Total Department of Housing and Urban Development			5,416,075	-
U.S. Department of Veteran Affairs				
Direct Award:				
SSVF FY21	64.033	15-UT-336-21	407,088	-
SSVF Shallow Subsidy	64.033	15-UT-336SS	126,114	-
SSVF FY22	64.033	15-UT-336-22	982,923	-
SSVF FY23	64.033	15-UT-336-23	373,535	-
SSVF SNOFA	64.033	15-UT-336-LT	22,241	-
Total Supportive Services for Veteran Families Expenditures			1,911,900	-
U.S. Department of Health and Human Services				
Direct Award:				
SAMHSA - Year 4	93.243	5H79TI080402-04	78,708	15,000
SAMHSA - Year 5	93.243	5H79TI080402-04	185,599	45,000
Total Substance Abuse & Mental Health Services Administration Expenditures			264,307	60,000

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:				
State of Utah - MFRC TANF	93.558	21-1219-2	1,838,393	-
Dept of Workforce Services - TANF FH 22-25	93.558	22-DWS-0321	849,351	-
State of Utah - TANF Re-Entry	93.558	23-DWS-0299	399,553	-
State of Utah - HIDRA COVID-19	93.558	23-DWS-0392	20,478	-
State of Utah - TANF Motels	93.558	21-1219-3	232,929	-
Total Temporary Assistance for Needy Families Cluster			3,340,704	-
Total Department of Health and Human Services			3,605,011	60,000
U.S. Department of Justice				
Direct Award				
COPS Microgrant	16.71	04512-PPSE	57,645	-
Total Department of Justice			57,645	-
Total Federal Assistance			$ 11,239,409	$ 60,000

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, 2023. 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	14.267
Supportive Services for Veteran Families	64.033

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None