

HOPE HOUSE OF MILWAUKEE, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

HOPE HOUSE OF MILWAUKEE, INC.

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Independent Auditor's Report

Board of Directors
Hope House of Milwaukee, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hope House of Milwaukee, Inc. which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the 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 Organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Hope House of Milwaukee, Inc. as of December 31, 2020 and 2019, 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.

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Board of Directors
Hope House of Milwaukee, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenue and expenses by program (without donor restrictions) and grant revenue and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 March 12, 2021, on our consideration of Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'s internal control over financial reporting and compliance.



RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
March 12, 2021

**HOPE HOUSE OF MILWAUKEE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 744,872	\$ 243,923
Accounts Receivable	---	18,887
Pledges Receivable - Current Portion	52,500	62,500
Grants Receivable	132,925	128,986
Prepaid Expenses	12,676	10,039
Total Current Assets	\$ 942,973	\$ 464,335
FIXED ASSETS		
Land	\$ 40,000	\$ 40,000
Building and Improvements	1,999,040	1,999,040
Furniture and Equipment	407,420	407,420
Less: Accumulated Depreciation	(2,365,118)	(2,354,858)
Total Fixed Assets	\$ 81,342	\$ 91,602
LONG-TERM ASSETS		
Pledges Receivable	\$ ---	\$ 12,500
TOTAL ASSETS	\$ 1,024,315	\$ 568,437
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 32,144	\$ 27,541
Accrued Payroll and Payroll Taxes	44,325	22,613
Accrued Vacation	16,128	4,713
Refundable Advance and Security Deposit	113,829	2,300
Current Portion of Long-Term Liabilities	2,833	3,709
Total Current Liabilities	\$ 209,259	\$ 60,876
LONG-TERM LIABILITIES		
Capital Leases	\$ 2,833	\$ 6,542
Less: Current Portion of Long-Term Liabilities	(2,833)	(3,709)
Total Long-Term Liabilities	\$ ---	\$ 2,833
Total Liabilities	\$ 209,259	\$ 63,709
NET ASSETS		
Without Donor Restrictions	\$ 710,209	\$ 426,094
With Donor Restrictions	104,847	78,634
Total Net Assets	\$ 815,056	\$ 504,728
TOTAL LIABILITIES AND NET ASSETS	\$ 1,024,315	\$ 568,437

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

HOPE HOUSE OF MILWAUKEE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Federal Grants	\$ 4,506,218	\$ ---	\$ 4,506,218	\$ 940,371	\$ ---	\$ 940,371
Other Service Grants	56,083	---	56,083	130,317	---	130,317
Contributions	489,862	92,347	582,209	397,552	50,000	447,552
Rental Income	48,564	---	48,564	50,376	---	50,376
Interest Income	2,385	---	2,385	3,472	---	3,472
Donated Goods and Services	63,535	---	63,535	184,343	---	184,343
Other Income	3,244	---	3,244	63	---	63
Net Assets Released from Restrictions	66,134	(66,134)	---	13,197	(13,197)	---
Total Revenue	<u>\$ 5,236,025</u>	<u>\$ 26,213</u>	<u>\$ 5,262,238</u>	<u>\$ 1,719,691</u>	<u>\$ 36,803</u>	<u>\$ 1,756,494</u>
EXPENSES						
Program Services	\$ 4,652,741	\$ ---	\$ 4,652,741	\$ 1,404,297	\$ ---	\$ 1,404,297
Management and General	206,744	---	206,744	183,023	---	183,023
Fundraising	92,425	---	92,425	85,318	---	85,318
Total Expenses	<u>\$ 4,951,910</u>	<u>\$ ---</u>	<u>\$ 4,951,910</u>	<u>\$ 1,672,638</u>	<u>\$ ---</u>	<u>\$ 1,672,638</u>
CHANGE IN NET ASSETS	\$ 284,115	\$ 26,213	\$ 310,328	\$ 47,053	\$ 36,803	\$ 83,856
Net Assets, Beginning of Year	<u>426,094</u>	<u>78,634</u>	<u>504,728</u>	<u>379,041</u>	<u>41,831</u>	<u>420,872</u>
NET ASSETS, END OF YEAR	<u><u>\$ 710,209</u></u>	<u><u>\$ 104,847</u></u>	<u><u>\$ 815,056</u></u>	<u><u>\$ 426,094</u></u>	<u><u>\$ 78,634</u></u>	<u><u>\$ 504,728</u></u>

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

**HOPE HOUSE OF MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program	Management and General	Fundraising	Total
EXPENSES				
Employee Expenses				
Salaries and Wages	\$ 726,116	\$ 147,399	\$ 65,694	\$ 939,209
Payroll Taxes	84,916	10,631	5,061	100,608
Employee Benefits	71,756	15,380	10,296	97,432
Training	---	---	---	---
Travel	1,837	---	---	1,837
Total Employee Expenses	<u>\$ 884,625</u>	<u>\$ 173,410</u>	<u>\$ 81,051</u>	<u>\$ 1,139,086</u>
Outside Services				
Professional Fees	\$ ---	\$ 12,000	\$ 7,500	\$ 19,500
Insurance	22,503	1,694	---	24,197
Membership Dues and Subscriptions	105	1,092	782	1,979
Total Outside Services	<u>\$ 22,608</u>	<u>\$ 14,786</u>	<u>\$ 8,282</u>	<u>\$ 45,676</u>
Operating Expenses				
Office Supplies	\$ 7,637	\$ 1,120	\$ 838	\$ 9,595
Computer Software, Leases and Licenses	330	3,535	893	4,758
Postage	711	405	757	1,873
Printing/Publications	---	---	513	513
Miscellaneous	985	3,322	---	4,307
Total Operating Expenses	<u>\$ 9,663</u>	<u>\$ 8,382</u>	<u>\$ 3,001</u>	<u>\$ 21,046</u>
Client Expenses				
Beneficiary Supplies	\$ 5,286	\$ ---	\$ ---	\$ 5,286
Food - Perishable and Non-perishable	13,496	---	---	13,496
Donated Food - Perishable and Non-perishable	51,296	---	---	51,296
Donated Supplies	12,239	---	---	12,239
Clothing Assistance	37	---	---	37
Transportation Assistance	1,134	---	---	1,134
Rent and Utilities Assistance	3,507,462	---	---	3,507,462
Youth and Adult Education	839	---	---	839
Total Client Expenses	<u>\$ 3,591,789</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 3,591,789</u>
Building Operating Expenses				
Building Supplies	\$ 16,083	\$ 1,191	\$ ---	\$ 17,274
Building Maintenance Services and Utilities	73,893	4,366	---	78,259
Kitchen Supplies	731	---	---	731
Equipment	6,055	397	---	6,452
Equipment Rental and Maintenance	6,240	460	91	6,791
Telephone and Internet Services	31,513	3,033	---	34,546
Depreciation	9,541	719	---	10,260
Total Building Operating Expenses	<u>\$ 144,056</u>	<u>\$ 10,166</u>	<u>\$ 91</u>	<u>\$ 154,313</u>
TOTAL EXPENSES	<u><u>\$ 4,652,741</u></u>	<u><u>\$ 206,744</u></u>	<u><u>\$ 92,425</u></u>	<u><u>\$ 4,951,910</u></u>

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

HOPE HOUSE OF MILWAUKEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program	Management and General	Fundraising	Total
EXPENSES				
Employee Expenses				
Salaries and Wages	\$ 516,050	\$ 133,502	\$ 66,744	\$ 716,296
Payroll Taxes	68,313	9,978	5,334	83,625
Employee Benefits	78,306	12,113	10,093	100,512
Training	238	---	---	238
Travel	4,338	---	---	4,338
Total Employee Expenses	<u>\$ 667,245</u>	<u>\$ 155,593</u>	<u>\$ 82,171</u>	<u>\$ 905,009</u>
Outside Services				
Professional Fees	\$ ---	\$ 11,500	\$ 325	\$ 11,825
Insurance	21,263	1,600	---	22,863
Membership Dues and Subscriptions	751	1,727	243	2,721
Total Outside Services	<u>\$ 22,014</u>	<u>\$ 14,827</u>	<u>\$ 568</u>	<u>\$ 37,409</u>
Operating Expenses				
Office Supplies	\$ 1,341	\$ 647	\$ 653	\$ 2,641
Computer Software, Leases and Licenses	3,087	232	850	4,169
Postage	668	274	461	1,403
Printing/Publications	---	---	184	184
Miscellaneous	1,522	2,091	79	3,692
Total Operating Expenses	<u>\$ 6,618</u>	<u>\$ 3,244</u>	<u>\$ 2,227</u>	<u>\$ 12,089</u>
Client Expenses				
Beneficiary Supplies	\$ 1,328	\$ ---	\$ ---	\$ 1,328
Food - Perishable and Non-perishable	11,787	---	---	11,787
Donated Food - Perishable and Non-perishable	87,585	---	---	87,585
Donated Supplies	96,758	---	---	96,758
Clothing Assistance	568	---	---	568
Transportation Assistance	1,475	---	---	1,475
Rent and Utilities Assistance	373,672	---	---	373,672
Youth and Adult Education	2,121	---	---	2,121
Total Client Expenses	<u>\$ 575,294</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 575,294</u>
Building Operating Expenses				
Building Supplies	\$ 11,494	\$ 812	\$ ---	\$ 12,306
Building Maintenance Services and Utilities	72,723	4,788	---	77,511
Kitchen Supplies	449	---	---	449
Equipment	1,512	---	316	1,828
Equipment Rental and Maintenance	7,275	522	36	7,833
Telephone and Internet Services	28,029	2,360	---	30,389
Depreciation	11,644	877	---	12,521
Total Building Operating Expenses	<u>\$ 133,126</u>	<u>\$ 9,359</u>	<u>\$ 352</u>	<u>\$ 142,837</u>
TOTAL EXPENSES	<u><u>\$ 1,404,297</u></u>	<u><u>\$ 183,023</u></u>	<u><u>\$ 85,318</u></u>	<u><u>\$ 1,672,638</u></u>

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

HOPE HOUSE OF MILWAUKEE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 310,328	\$ 83,856
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities		
Depreciation	10,260	12,521
Decrease in Accounts Receivable	18,887	22,847
(Increase) Decrease in Pledges Receivable	22,500	(37,500)
(Increase) Decrease in Grants Receivable	(3,939)	(9,389)
Increase in Prepaid Expenses	(2,637)	(44)
Increase in Accounts Payable	4,603	14,186
Increase (Decrease) in Accrued Payroll and Payroll Taxes	21,712	(2,630)
Increase (Decrease) in Accrued Vacation	11,415	(319)
Decrease in Deferred Support	111,529	---
	<u>\$ 504,658</u>	<u>\$ 83,528</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	<u>\$ (3,709)</u>	<u>\$ (3,309)</u>
Net Cash Used by Financing Activities	<u>\$ (3,709)</u>	<u>\$ (3,309)</u>
Net Increase in Cash and Cash Equivalents	\$ 500,949	\$ 80,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>243,923</u>	<u>163,704</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 744,872</u>	<u>\$ 243,923</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 585	\$ 983

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

HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

**HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE A - Summary of Significant Accounting Policies

Organization

Hope House of Milwaukee, Inc. (the "Organization") is a not-for-profit corporation organized under the laws of the State of Wisconsin. The mission of the Organization is to end homelessness and create healthy communities within the City of Milwaukee.

Financial Statement Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) for nongovernmental entities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

Accounts, Pledges and Grants Receivable

Receivable amounts are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the direct write-off method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors and donors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. As of December 31, 2020 and 2019, accounts, pledges and grants receivable are considered fully collectible; therefore, no allowance for doubtful accounts has been recorded. It is the policy of the Organization to write off doubtful amounts directly to expense when deemed uncollectible.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (27 years), improvements (5 to 27 years) and furniture and equipment (3 to 10 years). Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. The Organization capitalizes all fixed assets greater than \$5,000.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, primarily property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are incurred. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions of Volunteer Services and Personal Property

Unpaid volunteers provide services to the Organization, but these services do not meet the criteria for recognition as contributed services and, therefore, are not reflected in the accompanying financial statements.

Donations of personal property are recorded as contributions based upon estimated fair market value. Personal property includes items such as equipment, food and clothing. The accompanying financial statements include donated food and other items amounting to \$63,535 and \$184,343 for the years ended December 31, 2020 and 2019, respectively. All donations are passed through to clients.

Allocation of Functional Expenses

Functional expenses are allocated to program, management or fundraising based on benefit for direct expenditures incurred. Any expenditure not directly chargeable is allocated to the functions based on the (1) appropriate level of employee full-time equivalents worked within that function or (2) square footage available to the applicable function.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE B - Future Accounting Pronouncements (continued)

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE C - Concentration of Risk

The Organization received grants from various agencies whose programs rely on the availability of funding from the United States government. For the years ended December 31, 2020 and 2019, approximately 86% and 55%, respectively, of the Organization's revenue was from sources that relied on revenue from the United States government. Of this amount for 2020, \$2,993,593 is emergency response funding for the COVID-19 pandemic and not considered a recurring amount. Without this funding, approximately 29% of the Organization's funding would be from the United States government.

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization's uninsured cash balances total \$518,292.

NOTE D - Liquidity

As of December 31, 2020, the Organization has \$930,297 of financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date consisting of cash of \$744,872, and accounts, pledges and contributions receivable of \$185,425. Included in the amount for receivables is \$52,500 of pledges that are restricted by the donor for a specific time and purpose, which will be met within one year.

As of December 31, 2019, the Organization had \$454,296 of financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date consisting of cash of \$744,872, and accounts, pledges and contributions receivable of \$210,373. Included in the amount for receivables is \$62,500 of pledges that are restricted by the donor for a specific time and purpose, which will be met within one year.

The Organization prepares cost reports for reimbursement under government grants on a monthly basis to assist with liquidity and availability of funds for payment of costs incurred on an ongoing basis.

As described in Note I, the Organization has \$150,000 available through a line of credit which could be used in the event of a liquidity need.

**HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE E - Grants Receivable

Grants receivable consists of the following as of December 31:

<u>Source</u>	<u>2020</u>	<u>2019</u>
City of Milwaukee	\$ 30,764	\$ 16,010
Milwaukee County	27,305	7,766
Department of Public Instruction	6,072	3,498
Mercy Housing	1,667	1,667
U.S Department of Housing and Urban Development	54,794	94,239
Other Sources	<u>12,323</u>	<u>5,806</u>
Total	<u>\$132,925</u>	<u>\$128,986</u>

NOTE F - Conditional Contributions and Grants

The Organization has contracts with the government agencies which include specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2020, the Organization has available grant funds of \$70,182, available for the Rapid Rehousing program, which are available through September 30, 2021. In addition, the Organization has available grant funds of \$106,832 available for the Permanent Supportive Housing program which are available through April 30, 2021.

NOTE G - Pledges Receivable

Pledges receivable consists of unconditional promises to give. Pledges receivable are included in donor restricted net assets because the contributions are designated for future years. Pledges receivable were \$52,500 and \$75,000 at December 31, 2020 and 2019, respectively. The Organization anticipates that all pledges receivable at December 31, 2020, will be collected in the next year.

NOTE H - Refundable Advances

Refundable advances consist of the following amounts as of December 31, 2020:

Milwaukee County Funding	\$111,529
Security Deposit	<u>2,300</u>
Total Refundable Advances	<u>\$113,829</u>

**HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE I - Capital Leases

The Organization entered into a capital lease obligation for office equipment. The equipment cost of \$16,294 is included in fixed assets for the years ended December 31, 2020 and 2019, respectively. Total accumulated depreciation relating to the capital leases was \$13,850 and \$10,592 for the years ended December 31, 2020 and 2019, respectively. Amortization of the capital leases is included in depreciation expense for the years ended December 31, 2020 and 2019. Future minimum lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	<u>\$2,833</u>	<u>\$148</u>	<u>\$2,981</u>

NOTE J - Line of Credit

In January 2020, the Organization renewed its line of credit agreement. The new line of credit is \$150,000 and the interest rate is based on the highest U.S. prime rate published in the Wall Street Journal money rates table plus .75% (initial rate of 6.5%). The line of credit is secured by the Organization's building and matured on January 29, 2021. There were no amounts drawn on the line of credit at December 31, 2020 or 2019. The bank has expressed its intent to renew the line of credit and that the renewal is in process.

NOTE K - Net Assets With Donor Restrictions

At December 31, 2020 and 2019, the Organization had net assets with donor restrictions that were available for the following purposes:

	<u>2020</u>	<u>2019</u>
Shining Star	\$ 66,284	\$ 57,000
Family Bond	33,563	18,000
Fresh Start Emergency Shelter Program	---	3,634
Surgeon's Quarters	<u>5,000</u>	<u>---</u>
Total	<u>\$104,847</u>	<u>\$78,634</u>

NOTE L - Revenue from Contracts with Customers

The Organization has service agreements with community partners to provide case management, resident, and social services. The Organization bills these partners based on the monthly services provided and therefore revenue is recorded throughout the year. No deferred revenue has been recorded as all amounts related to monthly services provided. As of December 31, 2020 and 2019, revenue of \$56,083 and \$130,317, respectively, has been recorded as other service grants.

In addition, the Organization also has rental agreements with three other entities. Revenue is recorded monthly per the lease agreement and therefore no deferred revenue has been recorded. As of December 31, 2020 and 2019, revenue of \$48,564 and \$50,376, respectively, has been recorded as rental income.

HOPE HOUSE OF MILWAUKEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE M - Retirement Plan

It is the Organization's policy to make a discretionary payment of the lesser of three percent of an employee's gross wages or the employee's annual contribution to the plan. No employer contributions were made to the plan during the years ended December 31, 2020 and 2019.

NOTE N - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2020 and 2019, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE O - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2020 through March 12, 2021, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. It is unknown at this time what, if any, negative impact on the Organization's financial position may be.

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM (WITHOUT DONOR RESTRICTIONS)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Family Bonds	Family Allies	Prevention and Behavioral Health CARES Act	Special Case Management and Other Services Grants	Shining Star	Path to Progress	Total Program	Administrative	Fundraising	Total
REVENUES										
Federal Grants	\$ 947,915	\$ 187,250	\$ 3,263,644	\$ 70,563	\$ 14,741	\$ 615	\$ 4,484,728	\$ 3,105	\$ 18,385	\$ 4,506,218
Other Service Grants	---	---	---	56,083	---	---	56,083	---	---	56,083
Contributions	71,702	---	---	---	21,716	---	93,418	391,929	4,515	489,862
Rental Income	48,564	---	---	---	---	---	48,564	---	---	48,564
Interest Income	---	---	---	---	---	---	---	2,385	---	2,385
Donated Goods and Services	63,535	---	---	---	---	---	63,535	---	---	63,535
Other Income	---	---	---	---	---	---	---	3,244	---	3,244
Released from Restrictions	12,634	---	---	---	53,500	---	66,134	---	---	66,134
Total Revenue	<u>\$ 1,144,350</u>	<u>\$ 187,250</u>	<u>\$ 3,263,644</u>	<u>\$ 126,646</u>	<u>\$ 89,957</u>	<u>\$ 615</u>	<u>\$ 4,812,462</u>	<u>\$ 400,663</u>	<u>\$ 22,900</u>	<u>\$ 5,236,025</u>

HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM (WITHOUT DONOR RESTRICTIONS)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Family Bonds	Family Allies	Prevention and Behavioral Health CARES Act	Special Case Management and Other Services Grants	Shining Star	Path to Progress	Total Program	Administrative	Fundraising	Total
EXPENSES										
Employee Expenses										
Salaries and Wages	\$ 461,729	\$ 51,172	\$ 202,368	84,263	\$ 52,351	\$ 2,734	\$ 854,617	\$ 18,898	\$ 65,694	\$ 939,209
Payroll Taxes	51,837	5,321	22,794	8,806	5,882	317	94,957	590	5,061	100,608
Employee Benefits	54,736	8,351	8,316	12,336	2,271	276	86,286	850	10,296	97,432
Training	---	---	---	---	---	---	---	---	---	---
Travel	650	69	905	213	---	---	1,837	---	---	1,837
Total Employee Expenses	\$ 568,952	\$ 64,913	\$ 234,383	\$ 105,618	\$ 60,504	\$ 3,327	\$ 1,037,697	\$ 20,338	\$ 81,051	\$ 1,139,086
Outside Services										
Professional Fees	\$ 6,058	\$ 1,920	\$ 2,280	1,142	\$ 600	\$ ---	\$ 12,000	\$ ---	\$ 7,500	\$ 19,500
Insurance	16,664	---	1,483	1,936	2,178	242	22,503	1,694	---	24,197
Membership Dues and Subscriptions	50	---	55	---	---	---	105	1,092	782	1,979
Total Outside Services	\$ 22,772	\$ 1,920	\$ 3,818	\$ 3,078	\$ 2,778	\$ 242	\$ 34,608	\$ 2,786	\$ 8,282	\$ 45,676
Operating Expenses										
Office Supplies	\$ 1,928	\$ 517	\$ 4,984	82	\$ 5	\$ 121	\$ 7,637	\$ 1,120	\$ 838	\$ 9,595
Computer Software, Leases and Licenses	---	---	---	330	---	---	330	3,535	893	4,758
Postage	563	---	113	35	---	---	711	405	757	1,873
Printing/Publications	---	---	---	---	---	---	---	---	513	513
Miscellaneous	661	---	218	47	53	6	985	3,322	---	4,307
Total Operating Expenses	\$ 3,152	\$ 517	\$ 5,315	\$ 494	\$ 58	\$ 127	\$ 9,663	\$ 8,382	\$ 3,001	\$ 21,046
Client Expenses										
Beneficiary Supplies	\$ 3,090	\$ 822	\$ 1,105	179	\$ ---	\$ 90	\$ 5,286	\$ ---	\$ ---	\$ 5,286
Food - Perishable and Non-perishable	12,310	---	---	50	1,136	---	13,496	---	---	13,496
Donated Food - Perishable and Non-perishable	51,296	---	---	---	---	---	51,296	---	---	51,296
Donated Supplies	12,239	---	---	---	---	---	12,239	---	---	12,239
Clothing Assistance	37	---	---	---	---	---	37	---	---	37
Transportation Assistance	838	---	296	---	---	---	1,134	---	---	1,134
Rent and Utilities Assistance	350,512	141,486	3,015,464	---	---	---	3,507,462	---	---	3,507,462
Youth and Adult Education	174	---	---	---	525	140	839	---	---	839
Total Client Expenses	\$ 430,496	\$ 142,308	\$ 3,016,865	\$ 229	\$ 1,661	\$ 230	\$ 3,591,789	\$ ---	\$ ---	\$ 3,591,789
Building Operating Expenses										
Building Supplies	\$ 11,334	\$ ---	\$ 1,686	\$ 1,361	\$ 1,532	\$ 170	\$ 16,083	\$ 1,191	\$ ---	\$ 17,274
Building Maintenance Services and Utilities	57,299	---	5,367	4,990	5,614	623	73,893	4,366	---	78,259
Kitchen Supplies	731	---	---	---	---	---	731	---	---	731
Equipment	2,107	219	3,729	---	---	---	6,055	397	---	6,452
Equipment Rental and Maintenance	4,599	---	487	496	592	66	6,240	460	91	6,791
Telephone and Internet Services	21,983	81	3,408	2,935	2,796	310	31,513	3,033	---	34,546
Depreciation	8,292	---	---	223	923	103	9,541	719	---	10,260
Total Building Operating Expenses	\$ 106,345	\$ 300	\$ 14,677	\$ 10,005	\$ 11,457	\$ 1,272	\$ 144,056	\$ 10,166	\$ 91	\$ 154,313
Total Expenses	\$ 1,131,717	\$ 209,958	\$ 3,275,058	\$ 119,424	\$ 76,458	\$ 5,198	\$ 4,817,813	\$ 41,672	\$ 92,425	\$ 4,951,910
CHANGE IN NET ASSETS	\$ 12,633	\$ (22,708)	\$ (11,414)	\$ 7,222	\$ 13,499	\$ (4,583)	\$ (5,351)	\$ 358,991	\$ (69,525)	\$ 284,115

HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM (WITHOUT DONOR RESTRICTIONS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Family Bonds	Family Allies	Special Case Management and Other Services Grants	Shining Star	Path to Progress	Total Program	Administrative	Fundraising	Total
REVENUES									
Federal Grants	\$ 815,916	\$ 64,455	\$ 60,000	\$ ---	\$ ---	\$ 940,371	\$ ---	\$ ---	\$ 940,371
Other Service Grants	---	---	130,317	---	---	130,317	---	---	130,317
Contributions	94,155	---	---	63,000	---	157,155	238,026	2,371	397,552
Rental Income	50,376	---	---	---	---	50,376	---	---	50,376
Interest Income	---	---	---	---	---	---	3,472	---	3,472
Donated Goods and Services	173,208	6,925	---	4,210	---	184,343	---	---	184,343
Other Income	---	---	---	---	---	---	63	---	63
Released from Restrictions	13,197	---	---	---	---	13,197	---	---	13,197
Total Revenue	<u>\$ 1,146,852</u>	<u>\$ 71,380</u>	<u>\$ 190,317</u>	<u>\$ 67,210</u>	<u>\$ ---</u>	<u>\$ 1,475,759</u>	<u>\$ 241,561</u>	<u>\$ 2,371</u>	<u>\$ 1,719,691</u>

HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM (WITHOUT DONOR RESTRICTIONS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Family Bonds	Family Allies	Special Case Management and Other Services Grants	Shining Star	Path to Progress	Total Program	Administrative	Fundraising	Total
EXPENSES									
Employee Expenses									
Salaries and Wages	\$ 400,670	\$ 29,247	\$ 154,153	\$ 54,297	\$ 2,554	\$ 640,921	\$ 8,631	\$ 66,744	\$ 716,296
Payroll Taxes	48,231	3,300	18,782	6,929	326	77,568	723	5,334	83,625
Employee Benefits	58,996	4,192	23,845	2,284	143	89,460	959	10,093	100,512
Training	---	---	---	---	238	238	---	---	238
Travel	2,033	421	1,884	---	---	4,338	---	---	4,338
Total Employee Expenses	\$ 509,930	\$ 37,160	\$ 198,664	\$ 63,510	\$ 3,261	\$ 812,525	\$ 10,313	\$ 82,171	\$ 905,009
Outside Services									
Professional Fees	\$ 8,338	\$ ---	\$ 1,840	\$ 690	\$ ---	\$ 10,868	\$ 632	\$ 325	\$ 11,825
Insurance	17,147	---	1,829	2,058	229	21,263	1,600	---	22,863
Membership Dues and Subscriptions	271	---	412	68	---	751	1,727	243	2,721
Total Outside Services	\$ 25,756	\$ ---	\$ 4,081	\$ 2,816	\$ 229	\$ 32,882	\$ 3,959	\$ 568	\$ 37,409
Operating Expenses									
Office Supplies	\$ 960	\$ 11	\$ 214	\$ ---	\$ 156	\$ 1,341	\$ 647	\$ 653	\$ 2,641
Computer Software, Leases and Licenses	2,755	---	---	299	33	3,087	232	850	4,169
Postage	622	---	27	17	2	668	274	461	1,403
Printing/Publications	---	---	---	---	---	---	---	184	184
Miscellaneous	1,129	---	94	289	10	1,522	2,091	79	3,692
Total Operating Expenses	\$ 5,466	\$ 11	\$ 335	\$ 605	\$ 201	\$ 6,618	\$ 3,244	\$ 2,227	\$ 12,089
Client Expenses									
Beneficiary Supplies	\$ 517	\$ 435	\$ 366	\$ 10	\$ ---	\$ 1,328	\$ ---	\$ ---	\$ 1,328
Food - Perishable and Non-perishable	10,277	---	560	950	---	11,787	---	---	11,787
Donated Food - Perishable and Non-perishable	87,555	30	---	---	---	87,585	---	---	87,585
Donated Supplies	85,653	6,895	---	4,210	---	96,758	---	---	96,758
Clothing Assistance	568	---	---	---	---	568	---	---	568
Transportation Assistance	148	18	---	1,309	---	1,475	---	---	1,475
Rent and Utilities Assistance	323,549	50,123	---	---	---	373,672	---	---	373,672
Youth and Adult Education	133	---	---	1,794	194	2,121	---	---	2,121
Total Client Expenses	\$ 508,400	\$ 57,501	\$ 926	\$ 8,273	\$ 194	\$ 575,294	\$ ---	\$ ---	\$ 575,294
Building Operating Expenses									
Building Supplies	\$ 9,406	\$ ---	\$ 928	\$ 1,044	\$ 116	\$ 11,494	\$ 812	\$ ---	\$ 12,306
Building Maintenance Services and Utilities	60,447	---	5,437	6,155	684	72,723	4,788	---	77,511
Kitchen Supplies	449	---	---	---	---	449	---	---	449
Equipment	829	---	683	---	---	1,512	---	316	1,828
Equipment Rental and Maintenance	5,971	---	559	671	74	7,275	522	36	7,833
Telephone and Internet Services	22,102	69	2,986	2,585	287	28,029	2,360	---	30,389
Depreciation	10,392	---	---	1,127	125	11,644	877	---	12,521
Total Building Operating Expenses	\$ 109,596	\$ 69	\$ 10,593	\$ 11,582	\$ 1,286	\$ 133,126	\$ 9,359	\$ 352	\$ 142,837
Total Expenses	\$ 1,159,148	\$ 94,741	\$ 214,599	\$ 86,786	\$ 5,171	\$ 1,560,445	\$ 26,875	\$ 85,318	\$ 1,672,638
CHANGE IN NET ASSETS	\$ (12,296)	\$ (23,361)	\$ (24,282)	\$ (19,576)	\$ (5,171)	\$ (84,686)	\$ 214,686	\$ (82,947)	\$ 47,053

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program Name : Rapid Rehousing

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance From Budget</u>
REVENUE			
Contributions and Rental Income	\$ 11,343	\$ 16,992	\$ (5,649)
Grants From Government Agencies	142,721	198,104	(55,383)
Milwaukee County - Department of Health and Human Services Revenue	33,186	33,186	---
Total Revenue	<u>\$ 187,250</u>	<u>\$ 248,282</u>	<u>\$ (61,032)</u>
EXPENSES			
Salaries	\$ 51,172	\$ 48,467	\$ 2,705
Employee Benefits	8,351	8,108	243
Payroll Taxes	5,321	6,011	(690)
Professional Fees	1,920	1,920	---
Supplies	517	100	417
Telephone	81	306	(225)
Postage and Shipping	---	200	(200)
Occupancy	---	---	---
Equipment Costs	---	---	---
Employee Travel	69	848	(779)
Printing and Publications	---	---	---
Conferences, Conventions and Meetings	---	---	---
Specific Assistance to Individuals	142,308	182,322	(40,014)
Membership Dues	---	---	---
Miscellaneous	219	---	219
TOTAL EXPENSES	<u>\$ 209,958</u>	<u>\$ 248,282</u>	<u>\$ (38,324)</u>

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program Name : Homeless Prevention Fiscal Agent

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance From Budget</u>
REVENUE			
Milwaukee County - Department of Health and Human Services Revenue	\$ 94,876	\$ 99,999	(5,123)
Total Revenue	<u>\$ 94,876</u>	<u>\$ 99,999</u>	<u>\$ (5,123)</u>
EXPENSES			
Salaries	\$ 5,528	\$ 8,392	\$ (2,864)
Employee Benefits	592	900	(308)
Payroll Taxes	436	670	(234)
Professional Fees	840	840	---
Supplies	---	---	---
Telephone	---	---	---
Postage and Shipping	---	---	---
Occupancy	---	---	---
Equipment Costs	---	---	---
Employee Travel	---	---	---
Printing and Publications	---	---	---
Conferences, Conventions and Meetings	---	---	---
Specific Assistance to Individuals	87,480	89,197	(1,717)
Membership Dues	---	---	---
Miscellaneous	---	---	---
TOTAL EXPENSES	<u>\$ 94,876</u>	<u>\$ 99,999</u>	<u>\$ (5,123)</u>

HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Program Name : Homeless Prevention Fiscal Agent

	<u>Actual</u>	<u>Approved Budget</u>	<u>Variance From Budget</u>
REVENUE			
Milwaukee County - Department of Health and Human Services Revenue	\$ 99,000	\$ 99,000	---
Total Revenue	<u>\$ 99,000</u>	<u>\$ 99,000</u>	<u>\$ ---</u>
EXPENSES			
Salaries	\$ 7,234	\$ 7,644	\$ (410)
Employee Benefits	678	819	(141)
Payroll Taxes	579	637	(58)
Professional Fees	840	800	40
Supplies	---	---	---
Telephone	---	---	---
Postage and Shipping	---	---	---
Occupancy	---	---	---
Equipment Costs	---	---	---
Employee Travel	---	---	---
Printing and Publications	---	---	---
Conferences, Conventions and Meetings	---	---	---
Specific Assistance to Individuals	89,840	89,100	740
Membership Dues	---	---	---
Miscellaneous	---	---	---
TOTAL EXPENSES	<u>\$ 99,171</u>	<u>\$ 99,000</u>	<u>\$ 171</u>

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program Name : Homeless Prevention Case Management

	Actual	Approved Budget	Variance From Budget
REVENUE			
Milwaukee County - Department of Health and Human Services Revenue	\$ 70,000	\$ 70,000	---
Total Revenue	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ ---</u>
EXPENSES			
Salaries	\$ 53,081	\$ 50,838	\$ 2,243
Employee Benefits	4,809	4,600	209
Payroll Taxes	6,364	6,400	(36)
Professional Fees	600	600	---
Supplies	360	170	190
Telephone	1,024	950	74
Postage and Shipping	---	---	---
Occupancy	2,706	2,990	(284)
Equipment Costs	291	500	(209)
Employee Travel	73	300	(227)
Printing and Publications	---	---	---
Conferences, Conventions and Meetings	---	---	---
Specific Assistance to Individuals	784	1,795	(1,011)
Membership Dues	---	---	---
Miscellaneous	857	857	---
TOTAL EXPENSES	<u>\$ 70,949</u>	<u>\$ 70,000</u>	<u>\$ 949</u>

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program Name : Eviction Prevention

	Actual	Approved Budget	Variance From Budget
REVENUE			
Contributions and Rental Income	\$ ---	\$ ---	\$ ---
Milwaukee County - Department of Health and Human Services Revenue	2,430,783	2,500,000	(69,217)
Total Revenue	<u>\$ 2,430,783</u>	<u>\$ 2,500,000</u>	<u>\$ (69,217)</u>
EXPENSES			
Salaries	\$ 108,466	\$ 159,857	\$ (51,391)
Employee Benefits	599	913	(314)
Payroll Taxes	13,363	20,100	(6,737)
Professional Fees	230	1,300	(1,070)
Supplies	8,353	4,950	3,403
Telephone	2,206	2,940	(734)
Postage and Shipping	113	200	(87)
Occupancy	5,428	6,040	(612)
Equipment Costs	301	1,000	(699)
Employee Travel	832	2,700	(1,868)
Printing and Publications	---	---	---
Conferences, Conventions and Meetings	---	---	---
Specific Assistance to Individuals	2,285,298	2,300,000	(14,702)
Membership Dues	---	---	---
Miscellaneous	---	---	---
TOTAL EXPENSES	<u>\$ 2,425,189</u>	<u>\$ 2,500,000</u>	<u>\$ (74,811)</u>

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF GRANT REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program Name : Behavioral Health

	Actual	Approved Budget	Variance From Budget
REVENUE			
Milwaukee County - Department of Health and Human Services Revenue	\$ 562,811	\$ 600,000	\$ (37,189)
Total Revenue	\$ 562,811	\$ 600,000	\$ (37,189)
EXPENSES			
Salaries	\$ 10,881	\$ 42,500	(31,619)
Employee Benefits	1,041	4,000	(2,959)
Payroll Taxes	889	2,500	(1,611)
Professional Fees	---	1,000	(1,000)
Specific Assistance to Individuals	550,000	550,000	---
TOTAL EXPENSES	\$ 562,811	\$ 600,000	\$ (37,189)

HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number/ State ID	Federal Expenditures	Total
FEDERAL EXPENDITURES				
U.S. Department of Agriculture				
State of Wisconsin - Department of Public Instruction				
Child and Adult Care Food Program	10.558		\$ 33,179	
Total CFDA #10.558				\$ 33,179
Hunger Task Force				
Emergency Food Assistance Program (Food Commodities)	10.569		\$ 28,680	
Emergency Food Assistance Program (Administrative Costs)	10.568		253	
Community Supplemental Food Program	10.565		3,968	
Total Food Distribution Cluster				<u>32,901</u>
Total U.S. Department of Agriculture				<u>\$ 66,080</u>
U.S. Department of Housing and Urban Development				
City of Milwaukee - Homeless Shelter Grant				
Community Development Block Grants/Entitlement Grants	14.218	C15120B059	\$ 148,906	
Total CFDA #14.218				\$ 148,906
Total CDBG Entitlement Grants Cluster				-
City of Milwaukee - Emergency Shelter Grant				
Emergency Solutions Grant Program	14.231	C15119SE34	\$ 68,047	
Emergency Solutions Grant Program	14.231	C15120SE34	9,150	
City of Milwaukee - Federal McKinney				
Emergency Solutions Grant Program	14.231	C15120S006	20,137	
Total CFDA #14.231				97,334
Direct Award - Rapid ReHousing				
Continuum of Care (COC) Program	14.267	WI0204L5I011801	558,714	
Continuum of Care (COC) Program	14.267	WI0223LHI011800	50,261	
Continuum of Care (COC) Program	14.267	WI0223L5I011901	92,460	
Total CFDA #14.267				<u>701,435</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 947,675</u>
U.S. Department of Treasury				
Milwaukee County Department of Health and Human Services				
Coronavirus Relief Fund	21.019	4-20916-500b	\$ 2,430,783	
Coronavirus Relief Fund	21.019	BHD-POS182-102020	562,811	
Total CFDA #21.019				<u>\$ 2,993,594</u>
TOTAL FEDERAL EXPENDITURES				<u><u>\$ 4,007,349</u></u>

The accompanying note is an integral part of this schedule..

HOPE HOUSE OF MILWAUKEE, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hope House of Milwaukee, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The Organization does not use the de minimis cost rate. Indirect costs are allocated based on the type of cost and charged to grants per allowable grant budgets.

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*

Independent Auditor's Report

To the Board of Directors
Hope House of Milwaukee, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hope House of Milwaukee, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hope House of Milwaukee, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope House of Milwaukee, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
March 12, 2021

Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the *Uniform Guidance*

Independent Auditor's Report

To the Board of Directors of
Hope House of Milwaukee, Inc.

Report on Compliance for Each Major Federal Program

We have audited Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'s major federal programs for the years ended December 31, 2020. Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'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 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 Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Hope House of Milwaukee, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

To the Board of Directors of
Hope House of Milwaukee, Inc.
Page Two

Report on Internal Control Over Compliance

Management of Hope House of Milwaukee, Inc. 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 Hope House of Milwaukee, Inc.'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 Hope House of Milwaukee, Inc.'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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
March 12, 2021

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? 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 2 CFR Part 200.516(a)? No

Identification of major programs:

U.S. Department Treasury
CFDA #21.019/Coronavirus Relief Fund

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

No matters were reported.

**HOPE HOUSE OF MILWAUKEE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**

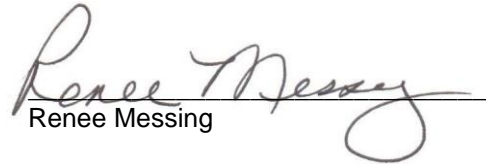
SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.

Name and signature of partner


Renee Messing

Date of report

March 12, 2021