

***VETERANS PLACE OF
WASHINGTON BOULEVARD, INC.***

FINANCIAL AND COMPLIANCE AUDIT

Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Veterans Place of Washington Boulevard, Inc.
Pittsburgh, Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Veterans Place of Washington Boulevard, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Veterans Place of Washington Boulevard, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 of the financial statements, in 2022, Veterans Place of Washington Boulevard, Inc. adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Veterans Place of Washington Boulevard, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Veterans Place of Washington Boulevard, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Veterans Place of Washington Boulevard, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, on our consideration of Veterans Place of Washington Boulevard, 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 Veterans Place of Washington Boulevard, 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 Veterans Place of Washington Boulevard, Inc.'s internal control over financial reporting and compliance.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania
September 20, 2023

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 697,164	\$ 604,210
Grants and contributions receivable	232,691	8,671
Veterans Administration per diem receivable	136,592	116,151
Service fee and other receivables, net	4,102	13,516
Prepaid expenses	32,034	28,398
	1,102,583	770,946
NONCURRENT ASSETS		
Restricted cash for construction	459,383	753,963
Property and equipment, net	2,879,873	2,611,301
Right-of-use asset - operating lease	52,775	-
	4,494,614	4,136,210
	\$ 4,494,614	\$ 4,136,210
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 67,074	\$ 92,006
Accounts payable - construction	30,638	158,706
Accrued payroll and payroll liabilities	23,971	26,452
Deferred revenue	-	112,695
Operating lease liability - current	13,779	-
	135,462	389,859
NONCURRENT LIABILITIES		
Mortgages payable	1,151,300	1,151,300
Operating lease liability	38,996	-
	1,325,758	1,541,159
	1,325,758	1,541,159
NET ASSETS		
Without donor restrictions	2,404,583	1,640,971
With donor restrictions	764,273	954,080
	3,168,856	2,595,051
	3,168,856	2,595,051
TOTAL LIABILITIES AND NET ASSETS	\$ 4,494,614	\$ 4,136,210

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31			2021 Comparative Total
	2022		Total	
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
REVENUE AND SUPPORT				
Veterans Administration per diem revenue	\$ 1,646,313	\$ -	\$ 1,646,313	\$ 1,240,156
Service fee revenue, net	93,680	-	93,680	67,605
Grants from governmental agencies	768,926	-	768,926	579,928
Contributions	464,040	453,570	917,610	1,080,804
Fundraising events, net of direct expenses - \$10,686	33,444	-	33,444	26,592
In-kind contributions	12,629	-	12,629	10,662
Paycheck Protection Program loan forgiveness	-	-	-	87,000
Other income	16,573	-	16,573	1,651
	<u>3,035,605</u>	<u>453,570</u>	<u>3,489,175</u>	<u>3,094,398</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>643,377</u>	<u>(643,377)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>3,678,982</u>	<u>(189,807)</u>	<u>3,489,175</u>	<u>3,094,398</u>
EXPENSES				
Program services	2,593,532	-	2,593,532	1,984,042
Management and general	128,209	-	128,209	215,810
Fundraising expenses	193,629	-	193,629	198,835
TOTAL EXPENSES	<u>2,915,370</u>	<u>-</u>	<u>2,915,370</u>	<u>2,398,687</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>763,612</u>	<u>(189,807)</u>	<u>573,805</u>	<u>695,711</u>
NON-OPERATING REVENUE AND EXPENSE				
Discontinuation of Micro Homes project	-	-	-	(307,781)
CHANGE IN NET ASSETS	<u>763,612</u>	<u>(189,807)</u>	<u>573,805</u>	<u>387,930</u>
NET ASSETS AT BEGINNING OF YEAR	<u>1,640,971</u>	<u>954,080</u>	<u>2,595,051</u>	<u>2,207,121</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,404,583</u>	<u>\$ 764,273</u>	<u>\$ 3,168,856</u>	<u>\$ 2,595,051</u>

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT			
Veterans Administration per diem revenue	\$ 1,240,156	\$ -	\$ 1,240,156
Service fee revenue, net	67,605	-	67,605
Grants from governmental agencies	579,928	-	579,928
Contributions	263,173	817,631	1,080,804
Fundraising events, net of direct expenses - \$13,789	26,592	-	26,592
In-kind contributions	10,662	-	10,662
Paycheck Protection Program loan forgiveness	87,000	-	87,000
Other income	1,651	-	1,651
	<u>2,276,767</u>	<u>817,631</u>	<u>3,094,398</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>468,026</u>	<u>(468,026)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	2,744,793	349,605	3,094,398
EXPENSES			
Program services	1,984,042	-	1,984,042
Management and general	215,810	-	215,810
Fundraising expenses	198,835	-	198,835
	<u>2,398,687</u>	<u>-</u>	<u>2,398,687</u>
TOTAL EXPENSES	2,398,687	-	2,398,687
CHANGE IN NET ASSETS FROM OPERATIONS	346,106	349,605	695,711
NON-OPERATING REVENUE AND EXPENSE			
Discontinuation of Micro Homes project	(307,781)	-	(307,781)
	<u>(307,781)</u>	<u>-</u>	<u>(307,781)</u>
CHANGE IN NET ASSETS	38,325	349,605	387,930
NET ASSETS AT BEGINNING OF YEAR	<u>1,602,646</u>	<u>604,475</u>	<u>2,207,121</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,640,971</u>	<u>\$ 954,080</u>	<u>\$ 2,595,051</u>

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program			Total Program	Management and General	Fundraising	Total
	Transitional Housing	Service Center	Homeless Veterans Reintegration Program				
EXPENSES							
Salaries and wages	\$ 670,120	\$ 261,959	\$ 206,852	\$ 1,138,931	\$ 58,840	\$ 65,405	\$ 1,263,176
Payroll taxes	51,372	19,572	15,716	86,660	4,723	4,268	95,651
Employee benefits	116,996	50,493	41,940	209,429	15,176	11,883	236,488
Total salaries and benefits	<u>838,488</u>	<u>332,024</u>	<u>264,508</u>	<u>1,435,020</u>	<u>78,739</u>	<u>81,556</u>	<u>1,595,315</u>
Contract maintenance	182,992	28,521	165	211,678	1,777	38	213,493
Facility repairs and maintenance	40,295	7,672	45	48,012	2,858	4,834	55,704
Fire systems testing and maintenance	9,614	3,291	-	12,905	1	5	12,911
Food expense	20,347	16,886	295	37,528	8,532	1,378	47,438
Insurance	42,376	3,301	1,931	47,608	2,067	-	49,675
Office and IT equipment	7,473	4,131	2,450	14,054	560	349	14,963
Office supplies	27,482	11,759	9,651	48,892	5,064	10,508	64,464
Other	21,173	11,237	470	32,880	512	27,615	61,007
Printing and publication	4,961	1,367	2,566	8,894	611	1,442	10,947
Professional services	128,090	48,046	22,886	199,022	21,355	53,135	273,512
Security monitoring	2,569	410	-	2,979	-	-	2,979
Staff travel and meeting expense	1,210	2,452	12,521	16,183	509	85	16,777
Supplies	20,888	53,714	75,814	150,416	2,794	11,109	164,319
Utilities	121,943	9,372	11,263	142,578	-	1,575	144,153
Vehicle expense	15,985	1,967	-	17,952	96	-	18,048
Depreciation	146,934	19,997	-	166,931	2,734	-	169,665
TOTAL EXPENSES	<u>\$ 1,632,820</u>	<u>\$ 556,147</u>	<u>\$ 404,565</u>	<u>\$ 2,593,532</u>	<u>\$ 128,209</u>	<u>\$ 193,629</u>	<u>\$ 2,915,370</u>

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program			Total Program	Management and General	Fundraising	Total
	Transitional Housing	Service Center	Homeless Veterans Reintegration Program				
EXPENSES							
Salaries and wages	\$ 522,542	\$ 172,048	\$ 186,512	\$ 881,102	\$ 81,647	\$ 30,581	\$ 993,330
Payroll taxes	41,265	13,054	13,977	68,296	7,118	2,493	77,907
Employee benefits	80,219	28,076	29,345	137,640	14,602	6,148	158,390
Total salaries and benefits	<u>644,026</u>	<u>213,178</u>	<u>229,834</u>	<u>1,087,038</u>	<u>103,367</u>	<u>39,222</u>	<u>1,229,627</u>
Contract maintenance	94,740	18,813	1,874	115,427	1,805	9	117,241
Facility repairs and maintenance	33,253	10,725	-	43,978	262	77	44,317
Fire systems testing and maintenance	6,830	157	3,250	10,237	-	-	10,237
Food expense	16,823	15,741	1,267	33,831	7,333	2,097	43,261
Insurance	34,338	2,615	1,626	38,579	1,347	-	39,926
Office and IT equipment	9,777	2,388	12,377	24,542	1,346	699	26,587
Office supplies	27,553	11,715	14,137	53,405	10,786	5,983	70,174
Other	6,482	9,783	365	16,630	4,966	18,788	40,384
Printing and publication	4,485	2,484	2,856	9,825	850	2,555	13,230
Professional services	49,398	16,656	30,506	96,560	72,766	120,487	289,813
Security monitoring	6,728	34	995	7,757	1,989	4	9,750
Staff travel and meeting expense	291	1,970	2,092	4,353	142	57	4,552
Supplies	12,401	68,430	86,819	167,650	3,824	8,523	179,997
Utilities	99,860	8,534	10,247	118,641	1,984	334	120,959
Vehicle expense	9,319	1,578	-	10,897	34	-	10,931
Depreciation	124,073	20,619	-	144,692	3,009	-	147,701
TOTAL EXPENSES	<u>\$ 1,180,377</u>	<u>\$ 405,420</u>	<u>\$ 398,245</u>	<u>\$ 1,984,042</u>	<u>\$ 215,810</u>	<u>\$ 198,835</u>	<u>\$ 2,398,687</u>

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 573,805	\$ 387,930
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	169,665	147,701
Paycheck Protection Program loan forgiveness	-	(87,000)
Discontinuation of Micro Homes project	-	307,781
Contributions received for long-term purposes	(33,812)	(598,510)
Noncash lease expense	14,490	-
Change in:		
Grants and contributions receivable	(224,020)	20,418
Veterans Administration per diem receivable	(20,441)	(37,119)
Service fee and other receivables, net	9,414	(9,930)
Prepaid expenses	(3,636)	(5,902)
Accounts payable and accrued expenses	(24,932)	40,178
Accrued payroll and payroll liabilities	(2,481)	(4,081)
Deferred revenue	(112,695)	112,695
Operating lease liability	(14,490)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	330,867	274,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions received for long-term purposes	33,812	858,510
Purchase/construction of property and equipment	(566,305)	(495,258)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(532,493)	363,252
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Paycheck Protection Program loan	-	43,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(201,626)	680,913
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,358,173	677,260
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,156,547	\$ 1,358,173
THE COMPONENTS OF CASH AND CASH EQUIVALENTS IS AS FOLLOWS:		
Cash	\$ 697,164	\$ 604,210
Restricted cash for construction	459,383	753,963
	\$ 1,156,547	\$ 1,358,173
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Paycheck Protection Program loan forgiveness	\$ -	\$ 87,000
Right-of-use asset obtained in exchange for operating lease liability	66,345	-

See accompanying notes.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Veterans Place of Washington Boulevard, Inc. (the "Organization") was organized as a nonprofit organization in 1996. The goal of the Organization is to provide a continuum of care to homeless veterans in the Western Pennsylvania region. The Organization offers two primary service lines in this pursuit: a Transitional Housing program and a Service Center that is utilized for various on-site programs. The first service line, Transitional Housing, consists of 13 renovated townhouses located on Washington Boulevard, providing single room occupancy rooms for up to 48 homeless veterans, both male and female. This program has been successfully housing and providing essential services to homeless veterans with the central goal of achieving permanent housing since February 2004. The second service line, the Organization's on-site Service Center, has been helping both residents of the Transitional Housing program and non-residents throughout the region with meals, clothing, case management, health-related referrals, employment assistance, and other services designed to address the root issues that cause homelessness, including chemical dependency and mental illness, since 2010. The Service Center operates as the front line for homeless veterans living in the streets and shelters and acts as a gateway to other programs and services in the region.

Additionally, during 2022 and 2021 the Organization received a grant to conduct the Homeless Veterans' Reintegration Program (HVRP). HVRP is an employment focused competitive grant program of the Department of Labor, Veterans' Employment and Training Service (DOL-VETS), the only federal grant to focus exclusively on competitive employment for homeless veterans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash

For the purposes of reporting cash flows, the Organization considers all highly-liquid investments to be cash on the accompanying statement of financial position.

At various times during the years, the Organization may have cash balance in excess of the federally insured limit in deposits accounts at local banks.

Grants and Contributions Receivable

Grants receivable represent amounts due from funding sources for eligible expenditures incurred prior to reimbursement. Contributions receivable represent amounts awarded by donors that have not been received. Management has determined that no allowances were considered necessary at December 31, 2022 and 2021. All receivables are considered to be collectible and to be received within one year.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables

Veterans Administration per diem receivable and service fee receivables represents amounts due from funding sources and residents and are stated at the amount management expects to collect from outstanding balances. The Organization uses the direct write off method for bad debts. Amounts are written off once management has used reasonable collection efforts. During the years ended December 31, 2022 and 2021, service fees totaling \$25,221 and \$27,485, respectively, were written off.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at estimated fair market value at date of donation, if donated. The Organization's policy is to capitalize any assets in excess of \$5,000 with an estimated useful life of more than one year. Property and equipment are being depreciated over their estimated useful lives by the straight-line method as follows:

Building and improvements	15 - 40 years
Furniture and fixtures	5 - 10 years
Motor vehicles	5 years
Computer equipment	3 - 5 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Construction in progress is stated at cost and consists primarily of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Leases

The Organization leases a copier. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The copier is included in right-of-use (ROU) asset - operating lease and operating lease liability on the statements of financial position.

The Organization elected the practical expedient to not recognize ROU assets and liabilities for operating leases with shorter than 12-month terms. These leases will be expensed on a straight-line basis, and no operating lease liability will be recorded.

The Organization elected the practical expedient to use the risk-free rate as the discount rate for all leases based on the information available at commencement date in determining the present value of lease payments.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - continued

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The Organization's lease term may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease costs are not included within the measurement of the lease liability as they are entirely variable and the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. There are no associated variable lease costs with the lease noted above.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received and expenses incurred in conducting the Organization's mission are included in this category.

Net Assets with Donor Restrictions - Net assets with donor restrictions includes gifts, grants, and pledges whose use by the Organization has been limited by donors to later periods of time or to specified purposes.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Organization recognizes revenue when control of the promised goods or services is transferred to the Organization's outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step process whereby revenue is recognized as performance obligations within a contract are satisfied.

The Organization records the following exchange transaction revenue in its statement of activities:

Veterans Administration Per Diem Revenue

Veterans Place of Washington Boulevard, Inc. receives referrals from the Veterans Administration to provide a range of services to eligible veterans. Once those services have been provided, the Organization invoices the Veterans Administration. The transaction price is a per diem rate for the type of service provided. The revenue is recorded after the service is provided and the performance obligation is met. The transaction price is recorded as a contract asset (accounts receivable) and revenue when the performance obligation is satisfied.

Service Fee Revenue

The Organization charges a fee for service to veterans receiving benefits. The fee is based on the person's income, living situation, and various other factors. The transaction price is set at the stated percentage of the person's income. The revenue is recorded after services are provided and the performance obligation is met. The transaction price is recorded as a contract asset (accounts receivable) and revenue when the performance obligation is satisfied.

Contribution Revenue

The Organization recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributed Nonfinancial Assets

Gifts of property and equipment are presented as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Organization's activities).

A substantial number of volunteers have donated significant hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Advertising

Advertising costs are non-direct response and expensed when incurred. Advertising expense for the years ended December 31, 2022 and 2021 were \$24,067 and \$1,170, respectively.

Functional Expense Allocations

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on estimates made by the Organization, including time estimates, program utilization, square footage, or other appropriate usage factors for the programs and supporting services benefited. The Organization allocates indirect costs in accordance with its own specific cost allocation plan, which provides a systematic and reasonable allocation of costs to all programs.

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization annually files federal and state information returns as required. There is no current year provision for federal or state income taxes. In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions, if any, as required.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of Accounting Pronouncements

The Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new ASU requires the Organization to present contributed nonfinancial assets, including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets, as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash and other financial assets. It also requires disclosures of a disaggregation by category of nonfinancial assets, including whether used or monetized, policies and/or a description of the programs or other activities in which those assets were used, a description of any donor restrictions associated with nonfinancial assets, a description of the valuation techniques and inputs used to arrive at the fair value measure for initial recognition, and the principal market used to arrive at the fair value measure if it is a market in which the Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This standard is effective for fiscal years beginning after June 15, 2021. The Organization adopted this standard for the year ended December 31, 2022, with a retrospective application as of December 31, 2021.

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance (Accounting Standards Codification ("ASC") 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for their existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Organization also elected the practical expedients disclosed in the lease policy footnote on page 11.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 (beginning of the year of adoption) an operating lease liability of \$66,345, which represents the present value of the remaining operating lease payments of \$68,828, discounted using the risk-free rate, and a right-of-use asset of \$66,345.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Adoption of Accounting Pronouncements - continued

The standard did have a material impact on the Organization's statements of financial position but did not have a material impact on the Organization's statements of activities or statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2023, the date the financial statements were available to be issued. See Note 14 for subsequent event disclosures.

NOTE 2 - GRANTS AND CONTRIBUTIONS RECEIVABLE

The Organization had grants and contributions receivable as follows at December 31:

	<u>2022</u>	<u>2021</u>
US Department of Labor - Homeless Veterans' Reintegration Program	\$ 6,788	\$ 7,846
US Department of Health and Human Services - Case Management Grant Program	2,586	825
US Department of Health and Human Services - Opioid Response Grant	23,317	-
Pledges receivable	<u>200,000</u>	<u>-</u>
	<u>\$ 232,691</u>	<u>\$ 8,671</u>

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment balances and activity consist of the following for the years ended December 31:

	Beginning Balance 1/1/2022	Additions/ Depreciation	Transfers and Disposals	Ending Balance 12/31/2022
Land, building and improvements	\$ 3,591,674	\$ 21,127	\$ 732,100	\$ 4,344,901
Furniture and fixtures	222,063	-	(5,786)	216,277
Motor vehicles	171,043	-	-	171,043
Computer equipment	87,214	-	(16,782)	70,432
Construction in progress	551,308	417,110	(732,100)	236,318
	<u>4,623,302</u>	<u>438,237</u>	<u>(22,568)</u>	<u>5,038,971</u>
Accumulated depreciation	<u>(2,012,001)</u>	<u>(169,665)</u>	<u>22,568</u>	<u>(2,159,098)</u>
Net Property and Equipment	<u>\$ 2,611,301</u>	<u>\$ 268,572</u>	<u>\$ -</u>	<u>\$ 2,879,873</u>
	Beginning Balance 1/1/2021	Additions/ Depreciation	Transfers and Disposals	Ending Balance 12/31/2021
Land, building and improvements	\$ 3,569,171	\$ 22,503	\$ -	\$ 3,591,674
Furniture and fixtures	228,642	19,734	(26,313)	222,063
Motor vehicles	104,443	66,600	-	171,043
Computer equipment	88,260	-	(1,046)	87,214
Construction in progress	313,961	548,808	(311,461)	551,308
	<u>4,304,477</u>	<u>657,645</u>	<u>(338,820)</u>	<u>4,623,302</u>
Accumulated depreciation	<u>(1,891,658)</u>	<u>(147,701)</u>	<u>27,358</u>	<u>(2,012,001)</u>
Net Property and Equipment	<u>\$ 2,412,819</u>	<u>\$ 509,944</u>	<u>\$ (311,462)</u>	<u>\$ 2,611,301</u>

Land is included in the above amounts at December 31, 2022 and 2021 at a value of \$262.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 - LEASES

The Organization has an operating lease agreement for a copier. The term of this lease is 57 months with minimum annual total payments of \$14,490. Per the lease agreement, payments are made monthly.

The Organization included the following amounts related to operating lease assets and liabilities within the statements of financial position:

Assets	Classification	December 31 2022
Right-of-use asset	Operating lease	\$ 52,775
Liabilities		
Current		
Operating lease	Current portion of operating lease liability	\$ 13,779
Long-term		
Operating lease	Noncurrent portion of operating lease liability	\$ 38,996

The components of lease expense were as follows for the year ended December 31, 2022:

Operating lease expense	\$ 14,490
Variable lease expense	-
Short-term lease expense	-

Supplemental cash flow information related to the lease was as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liability:	
Operating cash flows from operating lease	\$ 14,490
Right-of-use asset obtained in exchange for lease obligation:	
Operating lease	\$ 66,345

Supplemental balance sheet information related to the lease was as follows:

Weighted Average Remaining Lease Term	
Operating lease	3.75 years
Weighted Average Discount Rate	
Operating lease	1.53%

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 - LEASES - CONTINUED

Maturities of the lease liability are as follows for the year ending December 31:

	<u>Operating Lease</u>
2023	\$ 14,490
2024	14,490
2025	14,490
2026	<u>10,867</u>
Total lease payments	54,337
Less: present value discount	<u>(1,562)</u>
Total	<u><u>\$ 52,775</u></u>

The Organization has not restated prior year information for the adoption of ASC 842, the following table presented future minimum lease payments under non-cancellable operating leases under ASC 840 at December 31, 2021:

2022	\$ 19,927
2023	13,800
2024	13,800
2025	13,800
2026	<u>12,650</u>
	<u><u>\$ 73,977</u></u>

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 5 - MORTGAGES PAYABLE

The Organization acquired several loans to assist in funding the renovation of the row homes used for programs, as described below.

	December 31	
	2022	2021
<p>Mortgage note payable to the Allegheny County Department of Economic Development HOME Investment Partnership program (“HOME Loan”) in the original amount of \$805,600 for substantial rehabilitation of the 13 existing row-house structures into 48 units of single-room occupancy housing for homeless veterans. The agreement was restricted retroactively to November 30, 2001 in the form of a 0% interest loan secured by a first lien position on the mortgage. The loan repayment schedule is based on 100% of the previous year’s cash flows. These cash flows are defined as the excess of all income from the operation of the dwelling units located on the property over the operating expenses and ad valorem taxes on the same dwelling units located on the property. The loan is scheduled to mature in November 2035.</p>	\$ 106,578	\$ 106,578
<p>Mortgage note payable to the Allegheny County Department of Economic Development Community Development Block Grant (“CDBG”) program in the original amount of \$615,000. The loan was restructured retroactively to November 30, 2001, and all loan payments originally applied as principal debt repayments on this loan have been reapplied as debt principal payments to the HOME loan as noted above. The loan is subordinate to the HOME loan, debt principal payments will not begin until the entire principal balance of the HOME loan has been repaid. At that time, the loan repayment schedule shall be based on 60% of the previous year’s cash flows. The loan is scheduled to mature in November 2035.</p>	615,000	615,000
<p>Mortgage note payable to the Urban Redevelopment Authority of Pittsburgh in the original amount of \$455,000. The loan is secured by a third priority lien on the property and bears no interest. The loan was restructured retroactively to November 30, 2001. Payments on the URA loan will be made simultaneously with the CDBG loan after the entire principal balance of the HOME loan has been repaid. At that time, annual payment of principal of the lesser of \$15,167 or an amount equal to 40% of the previous year’s cash flow will be required. The loan is scheduled to mature in December 2035.</p>	429,722	429,722
<p>Total Mortgages Payable</p>	\$ 1,151,300	\$ 1,151,300

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 6 - NET ASSETS

Net assets with donor restrictions are comprised of the following as of December 31:

	2022	2021
Time or purpose:		
Day program	\$ 531	\$ 17,935
Capital Campaign	15,903	-
Infrastructure	248,216	765,838
Veterans Resource Center	151,412	5,443
Memorial Plaque	15,973	15,973
Female Veteran Program	-	29,901
Minority and Female Veteran Program	11,078	49,756
Other Programs	1,000	2,102
Workforce Development	299,005	-
Program to Aid Citizen Enterprise	21,155	67,132
	\$ 764,273	\$ 954,080

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows at December 31:

	2022	2021
Time or purpose:		
Day program	\$ 17,404	\$ 1,891
CARF Certification	-	1,720
Infrastructure	445,531	362,926
Veterans Resource Center	11,531	4,440
Female Veteran Program	29,901	4,839
Minority and Female Veteran Program	38,678	244
Capital Campaign	15,000	8,510
Low Income Veterans and Families Program	-	5,000
Van	-	60,400
Other Programs	3,360	330
Workforce Development	35,995	-
Program to Aid Citizen Enterprise	45,977	17,726
	\$ 643,377	\$ 468,026

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 - SPECIAL EVENTS

Special events are comprised of the Organization's various fundraising activities. For financial statement purposes, these items are identified as follows at December 31:

	2022		
	Income	Expense	Net
9/11 Memorial Bike Ride	\$ 8,742	\$ 1,490	\$ 7,252
Cornhole Tournament	35,387	9,195	26,192
	<u>\$ 44,129</u>	<u>\$ 10,685</u>	<u>\$ 33,444</u>
	2021		
	Income	Expense	Net
9/11 Memorial Bike Ride	\$ 6,006	\$ 570	\$ 5,436
Cornhole Tournament	34,375	13,219	21,156
	<u>\$ 40,381</u>	<u>\$ 13,789</u>	<u>\$ 26,592</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Organization received a Paycheck Protection Program loan (the "PPP loan") from a qualified lender totaling \$43,500. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP loan bore interest at a fixed rate of 1% per annum, had a term of two years, and was unsecured and guaranteed by the SBA.

In February 2021, the Organization received a second round Paycheck Protection Program loan (the "PPP loan") from a qualified lender totaling \$43,500. This loan program was implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP loan bore interest at a fixed rate of 1% per annum, had a term of two years, and was unsecured and guaranteed by the SBA.

During the year ended December 31, 2021, the Organization obtained forgiveness from the SBA for the full amount of the loans. The total amount of \$87,000 was included as revenue from loan forgiveness at December 31, 2021.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 9 - CONTRIBUTED NONFINANCIAL ASSETS

The value of donated services and materials provided by local businesses and individuals to benefit the Organization included with revenue in the accompanying financial statements totaled \$12,629 and were comprised of discounted legal services of \$1,453, food bank supplies of \$246, advertising of \$10,000, landscaping of \$195, consulting of \$356, and client supplies of \$379 during the year ended December 31, 2022. The value of donated services and materials provided by local businesses and individuals to benefit the Organization included with revenue in the accompanying financial statements totaled \$10,662 for donated food bank supplies of \$6,938, gift cards for clients of \$795, graphic design of \$829, laptops of \$500, holiday drive of \$1,000, and accounting assistance of \$600 during the year ended December 31, 2021.

Valuation Techniques:

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets, or if they required specialized skills that would need to be purchased, if they were not donated. The above services received are valued at current rates for similar services. Donated auction items are valued according to the actual cash proceeds from the auction.

Donor Restrictions:

There were no restrictions on in-kind donations at December 31, 2022 and 2021. The Organization does not sell donated gifts in-kind and only utilized the in-kinds for the programs detailed above.

NOTE 10 - RETIREMENT PLAN

The Organization has established a retirement plan under the guidelines of a Savings Incentive Match Plan for Employees (SIMPLE) plan. Employees who have received at least \$5,000 in compensation during any one calendar year are eligible to participate. The Organization makes a matching contribution up to 3% of the employees' elective deferral. The Organization may make a non-elective contribution up to 2% of eligible compensation. The Organization did not make a non-elective contribution during 2022 or 2021. Total pension expense recognized by the Organization for 2022 and 2021 was \$21,170 and \$17,733, respectively.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 11 - MICRO HOME PROJECT

In 2018, the Organization entered into an agreement with a construction organization to construct 14 micro homes and a community center in Penn Hills, Pennsylvania. As of December 31, 2019, approximately \$383,000 had been expended towards this project. Effective April 23, 2020, due to extenuating circumstances of the Coronavirus pandemic and a change in Leadership, the Board of Directors agreed to put the Micro Homes project on hold indefinitely. During the year ended December 31, 2021, the project was officially discontinued and all construction in progress and other project related items were written off. These expenses amounted to \$307,781 and are reported as 'Discontinuation of Micro Homes project' on the statements of activities.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Organization receives a significant portion of its revenues from federal and state agencies. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the underlying grant agreement.

Capital Projects

The Organization has entered into agreements with a project manager for infrastructure and construction costs related to the townhomes and for the construction of a multi-purpose building. Contracted costs for the projects are estimated to be approximately \$678,000 for the infrastructure upgrades and \$316,000 for the multi-purpose building. The total estimated costs for construction of the multi-purpose building are estimated to be \$3,200,000. The projects are being funded through the use of existing funds and new grants or contributions. Through December 31, 2022, total costs incurred were approximately \$855,000 and approximately \$139,000 is still due on the contracts. The Organization has raised contributions and capital grants to fund the project.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 13 - AVAILABILITY OF FINANCIAL RESOURCES

The Organization prepares detailed budgets, reviews cash flow analysis on a monthly basis, and is active in controlling costs to ensure the Organization remains liquid.

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. The Organization's financial assets include cash and receivables.

	<u>2022</u>	<u>2021</u>
Cash	\$ 697,164	\$ 604,210
Restricted cash for construction	459,383	753,963
Grants and contributions receivable	232,691	8,671
Veterans Administration per diem receivable	136,592	116,151
Service fee receivable	4,102	13,516
Total financial assets	<u>1,529,932</u>	<u>1,496,511</u>
Less:		
Donor restricted contributions	<u>(764,273)</u>	<u>(954,010)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 765,659</u>	<u>\$ 542,501</u>

NOTE 14 - SUBSEQUENT EVENTS

Effective March 16, 2023, the Organization entered into a construction mortgage for the expansion of the main campus to be used as bridge financing until grant funds are received. The mortgage amount is \$2,000,000 for 36 months, accrues interest at the prime rate published in The Wall Street Journal, and is secured by a first lien on the property. Monthly payments of interest in arrears are due throughout the term with the principal due at maturity. The Organization has entered into a contract for the expansion in the amount of \$4,188,100.

On March 22, 2023, the Organization purchased additional property on Washington Boulevard in Pittsburgh for \$24,593.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 15 - UPCOMING PRONOUNCEMENT

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*, which changes the way companies evaluate credit losses for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model to evaluate impairment, potentially resulting in earlier recognition of allowances for losses. Enhanced disclosures are also required, including the requirement to disclose the information used to track credit quality by year or origination for most financing receivables. The new standard is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the impact that the guidance will have on its financial statements and related disclosures.

SUPPLEMENTARY INFORMATION

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Source Code	Assistance Listing Number (ALN)	Grant Number	Grant Period Beginning/ Ending Date	Receipts for the Year	Accrued or (Unearned) Revenue at January 1, 2022	Federal Expenditures	Accrued or (Unearned) Revenue at December 31, 2022
U.S. DEPARTMENT OF VETERANS AFFAIRS								
Veterans Administration Homeless Providers Grant and Per Diem Program	D	64.024	VPWB030-1268-646-PD-21	10/1/21 - 9/30/22	\$ 1,162,644	\$ 113,276	\$ 1,049,368	\$ -
Veterans Administration Homeless Providers Grant and Per Diem Program	D	64.024	VPWB030-1268-646-PD-21	10/1/22 - 9/30/23	243,384	-	367,566	124,182
Veterans Administration Homeless Providers Grant and Per Diem Program	D	64.024	VPWB030-1267-646-SC-21	10/1/21 - 9/30/22	118,200	2,875	115,325	-
Veterans Administration Homeless Providers Grant and Per Diem Program	D	64.024	VPWB030-1267-646-SC-21	10/1/22 - 9/30/23	36,191	-	48,601	12,410
Veterans Administration Homeless Providers Grant and Per Diem Program	D	64.024	VPWB030-2283-646-CM-22	10/1/21 - 9/30/23	65,453	-	65,453	-
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS					1,625,872	116,151	1,646,313	136,592
U.S. DEPARTMENT OF LABOR								
Homeless Veterans' Reintegration Program	D	17.805	HV-35288-20-60-5-42	7/1/21 - 6/30/22	216,098	7,846	208,252	-
Homeless Veterans' Reintegration Program	D	17.805	HV-35288-20-60-5-42	7/1/22 - 6/30/23	191,462	-	198,250	6,788
TOTAL U.S. DEPARTMENT OF LABOR					407,560	7,846	406,502	6,788
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through Pennsylvania Department of Military Veterans Affairs:								
Opioid Response Grant	I	93.788	*	9/30/21 - 9/29/22	279,362	112,696	166,666	-
Opioid Response Grant	I	93.788	*	9/30/22 - 9/29/23	21,029	-	44,346	23,317
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					300,391	112,696	211,012	23,317
TOTAL FEDERAL AWARDS					\$ 2,333,823	\$ 236,693	\$ 2,263,827	\$ 166,697

D - Direct Source of Funding

I - Indirect Source of Funding

* - Pass-Through Grantor Number not provided by pass-through agency.

No funds were passed through to subrecipients for the year ended December 31, 2022.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Veterans Place of Washington Boulevard, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

Veterans Place of Washington Boulevard, Inc. did not elect to use the De Minimis rate for indirect costs.

**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**

**To the Board of Directors
Veterans Place of Washington Boulevard, Inc.
Pittsburgh, Pennsylvania**

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 Veterans Place of Washington Boulevard, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Veterans Place of Washington Boulevard, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Veterans Place of Washington Boulevard, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Veterans Place of Washington Boulevard, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Veterans Place of Washington Boulevard, 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 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.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania
September 20, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors
Veterans Place of Washington Boulevard, Inc.
Pittsburgh, Pennsylvania**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Veterans Place of Washington Boulevard, Inc.'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 Veterans Place of Washington Boulevard, Inc.'s major federal programs for the year ended December 31, 2022. Veterans Place of Washington Boulevard, Inc.'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, Veterans Place of Washington Boulevard, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Veterans Place of Washington Boulevard, Inc. and to meet our 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 Veterans Place of Washington Boulevard, Inc.'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 Veterans Place of Washington Boulevard, Inc.'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 Veterans Place of Washington Boulevard, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Veterans Place of Washington Boulevard, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Veterans Place of Washington Boulevard, Inc.'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 Veterans Place of Washington Boulevard, Inc.'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 Veterans Place of Washington Boulevard, Inc.'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.

Herbein + Company, Inc.

Pittsburgh, Pennsylvania
September 20, 2023

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes X 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 Section 200.516(a)?

_____ yes X no

Identification of Major Programs:

Assistance Listing Number(s)

Name of Federal Program

64.024

Veterans Administration Homeless Providers Grant and Per Diem Program

Dollar threshold used to distinguish Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

Section II - Financial Statement Findings

There are no financial statement findings or questioned costs reported.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings or questioned costs reported.

VETERANS PLACE OF WASHINGTON BOULEVARD, INC.

STATUS OF PRIOR YEAR FINDINGS

Year Ended December 31, 2022

Federal Award Findings and Questioned Costs

There were no prior year financial statement or federal award findings or questioned costs.