

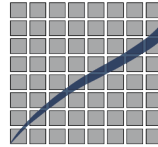


FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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BiggsKofford
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Homeward Pikes Peak
Colorado Springs, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Homeward Pikes Peak ("Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of Homeward Pikes Peak as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("US GAAS") and the standards applicable to financial statement 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 the report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audits were 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 US GAAS. 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 July 12, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BiggsKofford, P.C.

Colorado Springs, Colorado

July 12, 2024

HOMeward PIKES PEAK
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 911,647	\$ 1,198,405
Grants and contributions receivable	677,804	484,885
Developer fee receivable from collaborative entity, net of allowance for credit losses of \$138,364 and \$266,036	667,892	627,268
Prepaid expenses and other assets	283,200	168,800
Notes receivable	3,703,643	2,828,643
Beneficial interest in assets held by CGF	73,172	-
Investment in collaborative entities	348,875	98
Property and equipment, net	3,193,644	2,970,725
Operating lease right-of-use asset	274,708	292,731
Total assets	<u>\$ 10,134,585</u>	<u>\$ 8,571,555</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 198,828	\$ 229,999
Construction payable	-	185,363
Notes payable - serviceable	136,651	166,852
Note payable - forgivable and non-serviceable	1,225,000	350,000
Operating lease liability	293,926	297,128
Unearned grant revenue (See note 7)	3,328,286	3,352,087
Total liabilities	<u>5,182,691</u>	<u>4,581,429</u>
Net assets:		
Without donor restrictions	1,688,797	965,171
Net equity in property and equipment	3,056,993	2,803,873
Total net assets without donor restrictions	<u>4,745,790</u>	<u>3,769,044</u>
With donor restrictions	206,104	221,082
Total net assets	<u>4,951,894</u>	<u>3,990,126</u>
Total liabilities and net assets	<u>\$ 10,134,585</u>	<u>\$ 8,571,555</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

HOMeward PIKES PEAK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

<u>SUPPORT AND REVENUE</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grants and contributions	\$ 3,981,474	\$ 752,346	\$ 4,733,820
Contributed nonfinancial assets	362,779	-	362,779
Developer fees	567,353	-	567,353
Program service fees	230,696	-	230,696
Other income	117,508	-	117,508
Total support and revenue	5,259,810	752,346	6,012,156
 <u>RECLASSIFICATIONS</u>			
Net assets released from restrictions	767,324	(767,324)	-
 <u>EXPENSES</u>			
Program services	4,338,595	-	4,338,595
Supporting activities:			
General and administrative	579,652	-	579,652
Fundraising	132,141	-	132,141
Total supporting activities	711,793	-	711,793
Total expenses	5,050,388	-	5,050,388
Change in net assets	976,746	(14,978)	961,768
Net assets, beginning of year	3,769,044	221,082	3,990,126
Net assets, end of year	<u>\$ 4,745,790</u>	<u>\$ 206,104</u>	<u>\$ 4,951,894</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

HOMeward PIKES PEAK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

<u>SUPPORT AND REVENUE</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grants and contributions	\$ 4,047,124	\$ 497,962	\$ 4,545,086
Contributed nonfinancial assets	289,443	-	289,443
Developer fees	334,668	-	334,668
Program service fees	194,061	-	194,061
Other income	54,534	-	54,534
Total support and revenues	4,919,830	497,962	5,417,792
 <u>RECLASSIFICATIONS</u>			
Net assets released from restrictions	972,547	(972,547)	-
 <u>EXPENSES</u>			
Program services	2,837,374	-	2,837,374
Supporting activities:			
General and administrative	581,123	-	581,123
Fundraising	113,913	-	113,913
Total supporting activities	695,036	-	695,036
Total expenses	3,532,410	-	3,532,410
Change in net assets	2,359,967	(474,585)	1,885,382
Net assets, beginning of year	1,409,077	695,667	2,104,744
Net assets, end of year	\$ 3,769,044	\$ 221,082	\$ 3,990,126

The accompanying notes and independent auditor's report
should be read with these financial statements.

HOMEWARD PIKES PEAK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Housing First	The Commons	HPP Clinic Services	Project Detour	Harbor House Recovery	Homeless Outreach	Residential Treatment Center	Total Program Services	General and Administrative	Fundraising	Total
Client support and assistance	\$ 1,257,896	\$ 183,514	\$ 3,198	\$ 3,314	\$ 2,243	\$ 13,875	\$ 18,306	\$ 1,482,346	\$ 2,899	\$ -	\$ 1,485,245
Depreciation	31,257	31,257	13,396	8,931	8,931	13,396	13,396	120,564	22,326	4,465	147,355
Food	7,593	6,195	8,463	1,038	1,309	11,287	1,204	37,089	2,457	-	39,546
Insurance	15,414	15,414	6,606	4,404	4,404	6,606	6,606	59,454	11,010	2,202	72,666
Interest	-	-	-	-	-	-	-	-	5,043	-	5,043
Marketing and community education	2,164	449	-	-	-	-	178	2,791	2,398	31,476	36,665
Miscellaneous	2,504	16,517	117	343	929	1,670	9,468	31,548	3,881	-	35,429
Occupancy	36,192	36,192	15,511	10,341	10,341	15,511	15,511	139,599	25,851	5,170	170,620
Office	33,611	33,611	14,405	9,603	9,603	14,405	14,405	129,643	18,965	4,802	153,410
Professional fees and consultants	37,755	294,602	555	-	719	-	79,167	412,798	130,323	15,735	558,856
Repairs and maintenance	-	8,167	-	6,754	21,206	-	15,133	51,260	9,510	109	60,879
Salaries, payroll taxes and benefits	468,349	468,349	200,721	133,814	133,814	200,721	200,721	1,806,489	334,535	66,907	2,207,931
Supplies	85	83	-	3,633	3,549	-	190	7,540	30	-	7,570
Training and staff development	8,281	8,281	3,549	2,366	2,366	3,549	3,549	31,941	5,915	1,183	39,039
Travel and mileage	13,583	2,394	259	1,104	929	5,929	1,335	25,533	4,509	92	30,134
Total expenses	\$ 1,914,684	\$ 1,105,025	\$ 266,780	\$ 185,645	\$ 200,343	\$ 286,949	\$ 379,169	\$ 4,338,595	\$ 579,652	\$ 132,141	\$ 5,050,388
Percentage of total expenses	38%	22%	5%	4%	4%	6%	8%	87%	10%	3%	100%

The accompanying notes and independent auditor's report
should be read with these financial statements.

HOMeward PIKES PEAK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Housing First	The Commons	HPP Clinic Services	Project Detour	Harbor House Recovery	Homeless Outreach	Residential Treatment Center	Total Program Services	General and Administrative	Fundraising	Total
Client support and assistance	\$ 809,275	\$ -	\$ 2,160	\$ 3,596	\$ 10,782	\$ 172,125	\$ 36	\$ 997,974	\$ -	\$ -	\$ 997,974
Depreciation	6,775	-	-	1,775	14,394	-	-	22,944	24,250	-	47,194
Food	11,070	-	1,380	1,544	2,398	1,013	-	17,405	1,114	-	18,519
Grant administration fees	7,576	-	-	-	-	-	-	7,576	-	-	7,576
Insurance	22,539	-	11,270	5,635	5,635	5,635	-	50,714	5,468	-	56,182
Interest	360	120	-	-	-	30	2,800	3,310	2,121	-	5,431
Marketing and community education	-	-	-	-	-	-	1,190	1,190	1,863	21,068	24,121
Miscellaneous	145	-	-	-	-	-	1,194	1,339	3,894	623	5,856
Occupancy	48,457	-	31,521	33,849	23,546	3,175	6,844	147,392	270	-	147,662
Office	36,070	2,319	39,195	2,813	2,936	2,891	8,871	95,095	20,541	915	116,551
Professional fees and consultants	44,620	225,000	156,890	829	-	-	61,845	489,184	68,135	25,381	582,700
Repairs and maintenance	2,194	-	1,471	2,362	5,350	-	1,416	12,793	4,597	-	17,390
Salaries, payroll taxes and benefits	388,005	9,306	265,023	62,388	75,195	144,504	14,214	958,635	437,017	65,824	1,461,476
Supplies	-	-	135	4,341	199	-	1,029	5,704	50	-	5,754
Training and staff development	25	-	2,581	-	-	3,650	-	6,256	8,583	-	14,839
Travel and mileage	13,208	62	1,138	1,677	-	3,603	175	19,863	3,220	102	23,185
Total expenses	\$ 1,390,319	\$ 236,807	\$ 512,764	\$ 120,809	\$ 140,435	\$ 336,626	\$ 99,614	\$ 2,837,374	\$ 581,123	\$ 113,913	\$ 3,532,410
Percentage of total expenses	39%	7%	15%	3%	4%	10%	3%	81%	16%	3%	100%

The accompanying notes and independent auditor's report
should be read with these financial statements.

HOMeward PIKES PEAK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 961,768	\$ 1,885,382
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	147,355	47,194
Loss on disposal of property and equipment	31,345	-
Noncash operating lease expense	55,268	48,363
Change in beneficial interest in assets held by CGF	(5,556)	-
Change in expected credit losses	(127,672)	266,036
Income from investment in collaborative entity	(348,777)	-
(Increase) decrease in operating assets:		
Grants and contributions receivable	(192,919)	259,223
Developer fee receivable	87,048	(600,704)
Prepaid expenses and other assets	(114,400)	(123,339)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(31,171)	114,218
Unearned grant revenue	(23,801)	(23,800)
Construction payable	(185,363)	185,363
Operating lease liability	(40,447)	(43,966)
Net cash flows from operating activities	212,678	2,013,970
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(401,619)	(1,460,476)
Issuance of notes receivable	(875,000)	(1,906,121)
Net cash flows from investing activities	(1,276,619)	(3,366,597)

The accompanying notes and independent auditor's report should be read with these financial statements.

HOMeward PIKES PEAK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on notes payable	\$ (30,201)	\$ (29,754)
Proceeds received from issuance of notes payable	875,000	-
Grants received for long-term purposes	-	2,341,314
Contributions received for endowment	(67,616)	-
Net cash flows from financing activities	<u>777,183</u>	<u>2,311,560</u>
Net change in cash and equivalents	(286,758)	958,933
Cash and equivalents, beginning of year	<u>1,198,405</u>	<u>239,472</u>
Cash and equivalents, end of year	<u>\$ 911,647</u>	<u>\$ 1,198,405</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
Cash paid for interest expense	<u>\$ 5,043</u>	<u>\$ 5,431</u>

The accompanying notes and independent auditor's report
should be read with these financial statements.

HOMEWARD PIKES PEAK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Homeward Pikes Peak ("HPP") believes people can recover. Because of this, HPP houses and counsels people in Colorado Springs who are struggling with homelessness and addiction, and have no other housing options. They have a variety of housing programs for permanent supportive housing and sober living. They also operate an outpatient substance abuse clinic specializing in women's services, which includes pregnant women, and they operate a homeless outreach team that works with clients to help address challenges and move toward recovery and housing. HPP opened and began serving clients at a 50-unit permanent supportive housing facility. Through all of these programs, the organization served over 800 individuals, families and veterans in 2023. HPP believes in helping people regardless of their ability to pay for these services.

HPP's programs include the following:

Housing First - Housing First is a housing and case management program for disabled adults who have substance abuse and chronic homelessness issues. Housing stability is the outcome, and flexible case management is the means to that end. The program finds housing for clients and helps them get food. Once these needs are met, clients are aided to obtain psychiatric medications, substance abuse treatment, and medical care. When some level of stability is reached, volunteering and reconnecting with family is encouraged. Eventually, clients no longer need home visits and graduate to fewer intensive programs, or completely independent living.

HPP's Housing First program consists of a Dual Diagnosis Program, Veteran Specific Housing and Colorado Division of Housing case management services. In operation since 2007, the Dual Diagnosis program specializes in assisting the chronically homeless and seriously mentally ill adults with substance abuse issues. The Veteran Specific Housing Program began in 2015 when Rocky Mountain Human Services transferred the grant to HPP. In 2018, HPP began to provide case management for an additional group of individuals receiving rental assistance vouchers. This last program was previously administered by the Colorado Division of Housing and The Independence Center, but was transferred officially to HPP in mid-2022.

The Commons - Opened in April 2023, this affordable housing community has 50 units of permanent supportive housing for families and individuals experiencing chronic homelessness. The facility provides on-site case management services to support client needs.

See independent auditor's report.

HOMEWARD PIKES PEAK NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

HPP Clinic Services - Homeward Pikes Peak Clinic Services is a Colorado State Office of Behavioral Health and is a licensed substance-use-disorder treatment provider. It provides substance-use-disorder counseling services to those without the means to pay for treatment. The majority of the clients are women, as its funding stresses that population. Its funding also provides incentives to engage in treatment and funding to reduce barriers for attending treatment. Individual therapy and group therapy are provided. Services are geared to gender-specific treatment and to those coming to treatment as a requirement of another agency. Evidenced-based therapies such as cognitive behavioral therapy and motivational interviewing are used.

Homeless Outreach - HPP's Street Outreach team creates relationships and meets individuals living in emergency shelter or surviving outside in their own environment. We collaborate with the Colorado Springs Police Department Homeless Outreach Team to build trust and educate individuals on the opportunity to enter shelter programs, housing, and healthcare services.

Harbor House Recovery Home - Harbor House Recovery Home is a transitional sober-living housing program that started in 2003. The objective is to take in homeless individuals struggling with substance abuse issues and return sober, self-sufficient taxpayers to the community. Clients first focus on their sobriety and then focus on their employment.

Project Detour - Project Detour is a transitional housing program for women who have a history of substance abuse (primarily opiates and alcohol), have been in jail, and are at risk of becoming homeless. The objective of the program is to provide safe and stable sober living environments, with access to services that support recovery, regaining parental rights if possible, gaining employment, and moving to independent housing. Clients receive intensive case management and are required to attend outpatient treatment within the first 90 days of entering the program. In mid-2021, HPP merged Project Detour with the Bloom Recovery Home transitional housing program to include pregnant or postpartum women who have a substance abuse history and are at risk of being homeless.

Bloom Residential Treatment Center – Opened in April 2023, the program for pregnant or postpartum women who have a substance abuse history provides a safe and stable sober living environment that keeps pregnant and mothers of toddlers together so that treatment and recovery can occur as a family. HPP is currently evaluating the economic sustainability of this program.

See independent auditor's report.

HOMEWARD PIKES PEAK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

New accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses* ("ASC Topic 326"). This ASU revises how organizations account for credit losses for most financial assets. On January 1, 2023, the Organization adopted the requirements of ASC Topic 326. The adoption of ASC Topic 326 did not have a material impact on the Organization's financial statements.

Use of estimates

The preparation of financial statements in conformity with US 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and equivalents

For purposes of the statements of cash flows, HPP considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

HPP maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year, HPP had deposits in excess of FDIC limits. The Organization does not anticipate nonperformance by these institutions.

Grants receivable

Grants receivable consist of reimbursements due from grant agreements. Grants receivable are stated at the amount HPP expects to collect. As of December 31, 2023 and 2022, management considers all grants receivable to be fully collectable and, accordingly, no allowance for uncollectable grants has been recorded.

See independent auditor's report.

HOMEWARD PIKES PEAK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Developer fee receivable from collaborative entity and allowance for credit losses

Developer fee receivable from a collaborative entity consists of developer fees related to the construction of The Commons which are due to HPP and will be paid over an extended period of time based on the cash flows of The Commons. The developer fee was discounted using a risk-free rate of 4% per annum as of December 31, 2023 and 2022, which approximates the U.S. Treasury rate for the same period over which the developer fee is expected to be collected. As of December 31, 2023 and 2022, the allowance for credit losses on the developer fee totaled \$138,364 and \$266,036, respectively.

Beneficial interest in assets held by Colorado Gives Foundation

The Organization maintains a beneficial interest in a charitable fund held and administered by the Colorado Gives Foundation ("CGF"). Under the agreement with CGF, the Organization has specified itself as the beneficiary of the fund, which was established to promote the Organization's mission. The beneficial interest is held and administered in accordance with the provisions of the Articles of Incorporation of CGF. The assets held by CGF are reported at fair value. Changes in fair value are recognized when incurred.

Beneficial interest in assets held by Colorado Gives Foundation is carried at fair market value. Under the fair value valuation hierarchy, the beneficial interest is considered Level 2, as the value of the asset is based on quoted prices in active markets for the underlying assets which are publicly traded. Donated securities are recorded at fair market value on the date of the gift and sold upon receipt. Gains and losses are recorded in the year they are incurred.

Investments in collaborative entities

Investments in collaborative entities in which the Organization has at least a 20% interest or otherwise exercises significant influence, are accounted for under the equity method of accounting. Under the equity method of accounting, investments are recorded at cost and are adjusted for the proportionate share of the undistributed earnings.

Property and equipment

HPP's policy is to capitalize acquisitions of property and equipment costing or having a fair value at receipt of at least \$5,000 and having a useful life exceeding one year. Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of receipt. Depreciation expense is provided on a straight-line basis over the assets' estimated useful lives ranging from three to 39 years.

Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$147,355 and \$47,194, respectively.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Leases

Management determines if an arrangement is a lease at inception of the arrangement. Operating leases are included in operating lease right-of-use assets and lease liabilities in the accompanying balance sheets.

Right-of-use assets represent HPP's right to use an underlying asset for the lease term, and lease liabilities represent HPP's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The right-of-use assets also include any lease payments made and exclude lease incentives. HPP's lease terms may include options to extend or terminate the lease at management's discretion. Such options are included in the calculation of the right-of-use asset and lease liability, and are included in the future maturities of lease liabilities in Note 5, if management determines they are reasonably certain to exercise the options. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

HPP elected certain practical expedients permitted under the transition guidance that allowed HPP not to reassess: (1) whether expired or previously existing contracts are or contain leases, (2) lease classification for expired or previously existing leases, and (3) initial direct costs for expired or previously existing leases.

For leases that do not state or imply an interest rate, HPP elected a practical expedient to use a risk-free rate based on asset composition.

HPP elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities.

Unearned grant revenue

HPP receives government grants for the development of affordable housing properties. These grants contain conditions requiring the property be used for a specified period of time for affordable housing. If the affordability period is not met, the grant conditions require the funds to be returned or transferred to another project or organization at the government agency's option. Conditional grants are recorded as unearned grant revenue until the conditions are substantially met, at which point they are recognized as grant revenue.

Net assets

The financial statements present information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion and the net investment in property and equipment; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

See independent auditor's report.

HOMEWARD PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Grants and contributions

Contributions and grants received are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution income is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to HPP. A portion of HPP's grant revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when HPP incurs expenditures in compliance with specific contract or grant provisions. Amounts received prior to meeting the applicable conditions or incurring qualifying expenditures are reported as unearned grant revenue in the statements of financial position.

Revenue recognition

Revenue is recognized when earned, which is considered the point in time at which the service is rendered to the customer. HPP recognizes program service fee revenue during the year in which the related services are provided to residents. The performance obligation of providing access to housing is recognized over the year in which the services are provided. Amounts received for subsequent periods are deferred and recognized as revenue in the applicable period. The performance obligation of providing clinic services is recognized at the point in time the services are performed.

Contributed nonfinancial assets

Contributed services are recorded as both a revenue and an expenditure in the accompanying financial statements at their estimated fair values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. HPP regularly receives donated professional services, which are recorded at their estimated fair values, determined on the date of the contribution. Additionally, many individuals volunteer their time and perform a variety of tasks that assist HPP, but these services do not meet the criteria for recognition as contributed services.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when costs are incurred.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries, payroll taxes and benefits, payroll taxes, and office expenses, which are allocated on the basis of estimates of time and effort as determined by headcount by department.

Income taxes

HPP is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("Code") and is not a private foundation under Section 509(a)(2) of the Code. HPP evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for HPP.

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of December 31,:

	2023	2022
Cash and equivalents	\$ 911,647	\$ 1,198,405
Grants and contributions receivable	677,804	484,885
Developer fee receivable from collaborative entity	334,328	627,268
Beneficial interest in assets held by CGF	73,172	-
 Total financial assets	 1,996,951	 2,310,558
 Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(206,104)	(221,082)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,790,847	 \$ 2,089,476

As part of HPP's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. NOTES RECEIVABLE

Notes receivable as of December 31, 2023 and 2022, consist of long-term, nonrecourse promissory notes receivable related to affordable housing projects with collaborative entities. The notes receivable have amounts ranging from \$93,075 to \$1,635,568 with no formal repayment schedule; bear interest at 2.50% per annum; mature on August 1, 2063; and are secured by real property. Subsequent to year-end, one of the notes receivable agreements was modified. See Note 16.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31,:

	<u>2023</u>	<u>2022</u>
Land	\$ 363,739	\$ 265,000
Buildings and improvements	1,957,888	927,041
Leasehold improvements	271,964	271,964
Vehicles	85,451	38,421
Furniture and equipment	<u>2,995</u>	<u>2,995</u>
Gross depreciable property and equipment	2,682,037	1,505,421
Accumulated depreciation	<u>(398,194)</u>	<u>(250,842)</u>
	2,283,843	1,254,579
Construction in progress	<u>909,801</u>	<u>1,716,146</u>
Property and equipment, net	<u>\$ 3,193,644</u>	<u>\$ 2,970,725</u>

5. LEASES

Operating lease

HPP leases office space under a noncancelable operating lease, expiring in September 2028. The lease agreement requires monthly payments ranging from \$4,920 to \$5,756. Lease expense is included in operating expenses in the accompanying statements of activities and totaled \$60,168 and \$53,277 for the years ended December 31, 2023 and 2022, respectively.

Other information with respect to leases is as follows as of and for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Right-of-use assets obtained in exchange for new lease liabilities	\$ 37,245	\$ 341,094
Weighted average remaining lease term in years	4.75	5.75
Weighted average discount rate	1.55%	1.55%

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Future maturities of operating lease liabilities are as follows:

Year Ending December 31,		
2024	\$	59,631
2025		62,016
2026		64,491
2027		67,074
2028		51,804
Total minimum lease payments		305,016
Less amount representing interest		(11,090)
Present value of operating lease liabilities	\$	293,926

6. NOTES PAYABLE

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

	2023	2022
<i>Serviceable:</i>		
Unsecured note payable to a foundation in the amount of \$100,000; payable in quarterly installments of \$4,364 beginning in March 2022; bearing interest at 1.50% per annum; and maturing in December 2027.	\$ 67,660	\$ 83,950
Unsecured note payable to a foundation in the amount of \$100,000; payable in quarterly installments of \$3,769 beginning in December 2021; bearing interest at 1.50% per annum; and maturing in April 2028.	68,991	82,902
Notes payable - serviceable	\$ 136,651	\$ 166,852
<i>Forgivable and non-serviceable:</i>		
Promissory note payable with the City of Colorado Springs for up to \$1,350,000 at zero percent interest, with no principal payment due unless sale or other transfer of property, and secured by its real property.	\$ 1,225,000	\$ 350,000

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Required annual minimum principal payments are as follows for the years ending December 31,:

	\$	30,655
2024		31,118
2025		31,587
2026		32,064
2027		11,227
2028		11,227
Notes payable - serviceable		136,651
Notes payable - forgivable and non-serviceable		1,225,000
Total	\$	1,361,651

Management has determined that imputed interest on the forgivable and non-serviceable zero percent interest note is not material to the financial statements.

7. UNEARNED GRANT REVENUE

Unearned grant revenue consists of the following as of December 31,:

	2023	2022
*Conditional grant for \$385,000 requiring HPP to provide support, mental health and substance abuse services to specific clients and achieve certain outputs beginning in 2023, otherwise the funds must be returned to the grantor.	\$ 385,000	\$ 385,000
Conditional grant for \$238,007 requiring the property to be used for affordable housing for 20 years. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the grantor's option. As of December 31, 2023 and 2022, management had determined that \$91,682 and \$67,881, respectively, of the conditional grant had been substantially met and has been recognized as grant revenue.	122,525	146,326
Conditional grant to be used for the development of an affordable housing project for up to \$1,820,000, requiring the property to be used for affordable housing for 15 years. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the grantor's option.	1,635,568	1,635,568

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

	2023	2022
*Conditional grant for \$435,193 requiring HPP to provide support, mental health and substance abuse services to specific clients and achieve certain outputs beginning in 2023, otherwise the funds must be returned to the grantor.	\$ 435,193	\$ 435,193
Conditional grant to be used for affordable housing for \$750,000 requiring the property to be used for affordable housing for 15 years. If the affordability period is not met, the funds must be returned or transferred to another project or organization at the grantor's option.	750,000	750,000
Total unearned grant revenue	<u>\$ 3,328,286</u>	<u>\$ 3,352,087</u>

*As noted above, these grants contain certain conditions requiring HPP to provide affordable housing during the affordability period as defined in the agreements. HPP has been notified that they didn't meet the conditions in these agreements and, accordingly, the grantor has requested a return of the funds. HPP intends to defend these claims, however if they are unsuccessful in doing so, this could have an adverse effect on HPP's financial statements in the period in which that determination is made.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31,:

	2023	2022
Beneficial interest in assets held by CGF	\$ 73,172	\$ -
Housing First	20,000	55,050
Project Detour	-	115,670
RTC	13,000	37,500
The Commons	44,932	-
Time restricted	55,000	-
Women's education	-	12,862
Total net assets with donor restrictions	<u>\$ 206,104</u>	<u>\$ 221,082</u>

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

9. ENDOWMENT

The Organization's endowment consists of the beneficial interest in assets held by Colorado Gives Foundation, with a purpose of providing educational scholarships for addicted women who have successfully completed a residential addiction treatment program. During 2008, the State of Colorado passed the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Effective September 1, 2008, UPMIFA provides statutory guidance for management, investment and expenditures of endowment funds held by nonprofit organizations.

The Organization has interpreted the State of Colorado's UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by HPP in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The Organization uses an endowment spending-rate formula of four percent annually of the average of the net fair market value of the assets of the fund on the last business day of the last three years.

As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net asset composition by type and changes in endowment assets are as follows for the years ended December 31,:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, December 31, 2022	\$ -	\$ -	\$ -
Contributions	-	67,616	67,616
Investment return, net	-	5,556	5,556
Appropriated for expenditure	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Endowment assets, December 31, 2023	<u>\$ -</u>	<u>\$ 73,172</u>	<u>\$ 73,172</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2023 there were no funds with deficiencies.

10. CONTRIBUTED NONFINANCIAL ASSETS

The value of contributed supplies and services included in the financial statements and the corresponding expenses consist of the following for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Construction management services	\$ 225,000	\$ 225,000
Client rental assistance	-	46,739
Dental and eye exams	67,694	-
Office and other supplies	70,085	17,704
	<u> </u>	<u> </u>
	<u>\$ 362,779</u>	<u>\$ 289,443</u>

HPP recognized the above contributed nonfinancial assets in the accompanying statements of activities and functional expenses for the years ended December 31, 2023 and 2022. None of the contributed nonfinancial assets were received with donor restrictions.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Contributed construction management services are utilized for The Commons program, client rental assistance services are utilized for various affordable housing programs offered by HPP, office and other supplies are utilized for various administrative matters, and dental and eye exams are services provided to program participants.

HPP uses an estimate of fair value to measure contributed nonfinancial assets. Contributed construction management services are measured at the provider's standard hourly rates for similar projects. Client rental assistance is measured at affordable housing rates charged for similar programs. Office and other supplies are measured at the value that would have been paid had HPP purchased the nonfinancial assets. Dental and eye exams are measured at the cost of similar procedures.

11. EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2022, HPP claimed and received the Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, totaling \$559,382. While management believes the claim complies with the provisions of the CARES Act, such provisions are subject to varying interpretations and may be subject to retroactive review. There can be no assurance that regulatory authorities will not challenge HPP's claim to the Employee Retention Credit, and it is not possible to determine the impact, if any, this would have on HPP.

12. RETIREMENT PLAN

HPP sponsors a 401(k) plan ("Plan") covering all eligible employees. HPP matches employee contributions up to 1% of annual compensation. During the years ended December 31, 2023 and 2022, HPP's contributions to the Plan totaled \$16,319 and \$7,417, respectively.

13. RELATED PARTY TRANSACTIONS

HPP leases office space from a company controlled by a board member (see Note 5). During the years ended December 31, 2023 and 2022, HPP paid this entity \$62,877 and \$51,658, respectively.

14. CONCENTRATIONS

During the years ended December 31, 2023 and 2022, two grantors accounted for 52% and 43% of total grants and contributions, respectively. As of December 31, 2023 and 2022, two and four of HPP's grantors accounted for approximately 54% and 59% of total grants receivable, respectively.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

15. THE COMMONS SUPPORTIVE HOUSING, LIMITED PARTNERSHIP

Beginning in 2019, HPP started raising funds for the construction of a permanent supportive housing project. In 2020, HPP purchased the land for the project, and in 2021, HPP entered into agreements and broke ground on The Commons, a 50-unit permanent supportive housing apartment building in Colorado Springs.

In order to meet guarantor obligations for financing the constructing of The Commons, HPP formed a General Partnership (The Commons, LLC) with another entity, Rocky Mountain Communities, LLC ("RMC"), to ensure guarantor status with respect to a note payable for the construction of the project. The Commons, LLC is owned 49% by HPP and 51% by RMC. The Commons, LLC then partnered with a tax credit investor and Colorado Springs Housing Authority ("CSHA") to form The Common Supportive Housing, Limited Partnership ("LP") for the purpose of constructing the housing project. The Commons, LLC is a 0.005% general partner in the LP.

The Commons, LLC is contingently liable as a guarantor on a \$13,206,000 construction note payable, which has been converted to a mortgage note payable, owed by the LP to finance construction of the project, as well as on the tax credit guarantees that support the project financing. These liabilities decrease over time and fully term by August 2039. At any time through that date, should the LP default on its debt payments, The Commons, LLC and, indirectly, HPP, may be obligated to perform under the guarantee primarily by making the required payments, including late fees and penalties. As of December 31, 2023, the outstanding balance on the mortgage note payable was \$6,295,740. HPP has not accrued any liability related to this amount because management does not expect HPP to have to make any payments under the guarantee.

The partnership with RMC provides additional synergies for this project, where HPP provides tenant case management services and RMC serves as the property manager. This operations arrangement strengthens the ownership agreement by providing direct management of the property.

Fifteen years after completion of the project, HPP contractually has a right of first refusal to purchase either the LP investor limited partner's 99% interest, or the project in its entirety, for a purchase price as outlined in the LP operating agreement. HPP's current intent is to exercise their right to purchase either the LP investor limited partner's 99% interest or the project in its entirety.

See independent auditor's report.

HOMeward PIKES PEAK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

16. SUBSEQUENT EVENT

Subsequent to year-end, the agreement between HPP, The Commons Supportive Housing, and the City of Colorado Springs was amended. Under the previously existing terms of the agreement, \$1,225,000 was advanced from the City of Colorado Springs to HPP in the form a forgivable, non-interest bearing, non-serviceable note payable (see Note 6). These funds were then advanced to The Commons Supportive Housing for the construction of The Commons in exchange for a note receivable, bearing interest at 2.50% per annum, with no formal repayment schedule (see Note 3). Subsequent to year-end, the agreement was modified, under which HPP derecognized the note receivable from The Commons Supportive Housing and incurred a noncash expense totaling \$1,225,000. HPP will continue to carry the non-serviceable note payable to the City of Colorado Springs on its financial statements, however the note payable is expected to be forgiven, and HPP will recognize the income therefrom in the period in which that determination is made.

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See independent auditor's report.

SUPPLEMENTARY INFORMATION

HOMeward PIKES PEAK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

<u>Program Title</u>	<u>Pass-Through Organization</u>	<u>Federal Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub Recipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development						
Continuum of Care Program	N/A	14.267	CO0083L8T042113	N/A	\$ -	\$ 389,105
	N/A	14.267	CO0083L8T042214	N/A	-	214,574
	N/A	14.267	CO0110L8T042110	N/A	-	192,429
	N/A	14.267	CO0110L8T042211	N/A	-	40,170
	N/A	14.267	CO0061L8T042114	N/A	-	316,440
	N/A	14.267	CO0061L8T042215	N/A	-	358,992
Total Continuum of Care Program					-	1,511,710
COVID19 - Emergency Solutions Grant - CARES ACT	Colorado Department of Local Affairs	14.231	N/A	H1ESG91474	-	43,378
Community Development Block Grants/State's Program	Colorado Department of Local Affairs	14.228	N/A	H3CDB33124	-	97,451
Total U.S. Department of Housing and Urban Development					-	1,652,539
U.S. Department of Human Services						
Community Services Block Grant	El Paso County	93.569	N/A	21-017E	-	74,000
Total Community Services Block Grant					-	74,000
Total U.S. Department of Human Services					-	74,000
Total Federal Financial Assistance					\$ -	\$ 1,726,539

See independent auditor's report and notes to schedule of expenditures of federal awards.

HOMeward PIKES PEAK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of Homeward Pikes Peak ("HPP"), under programs of the federal government for the year ended December 31, 2023. 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 SEFA presents only a selected portion of the operations of HPP, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of HPP. If HPP is required to match certain federal assistance, as defined by the grant agreements, no such matching has been included as expenditures in the SEFA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

3. INDIRECT COSTS

Unless an indirect rate was specified in the grant agreement, HPP elected to use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants.

4. RELATIONSHIP TO FINANCIAL STATEMENTS

The amount of total expenditures of federal awards reconciles to the revenue in the statement of activities as follows:

Total expenditures of federal awards	\$ 1,726,539
Add:	
Other expenditures of federal awards not subject to Uniform Guidance	102,430
Grants and contributions (non-federal awards)	<u>2,904,851</u>
Grants and contributions per statement of activities	<u><u>\$ 4,733,820</u></u>

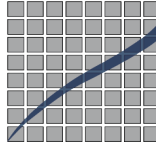
5. OTHER ITEMS

Pass-through entity identifying numbers have been included where available.

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See independent auditor's report.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

**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**

Board of Directors

Homeward Pikes Peak

Colorado Springs, Colorado

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 Homeward Pikes Peak ("Organization"), which comprise the statement of financial position as of December 31, 2023, 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 July 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 preceding paragraph 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 or significant deficiencies. 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

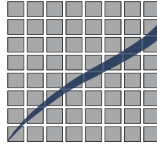
Purpose of This Report

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

BiggsKofford, P.C.

Colorado Springs, Colorado

July 12, 2024



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors

Homeward Pikes Peak

Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Homeward Pikes Peak's ("Organization") 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 the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("US GAAS"); 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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.

Government Auditing Standards require the auditor to perform limited procedures on the Organization's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

BiggsKofford, P.C.

Colorado Springs, Colorado
July 12, 2024

HOMeward PIKES PEAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered a material weakness?	Yes
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)?	Yes

Identification of major program(s):

Assistance Listing Number	Name of Federal Program
14.267	Continuum of Care

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

HOMeward PIKES PEAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2023-001 - Continuum of Care Program - Grant No. CO0083L8T042113, Grant Period September 1, 2022 - August 31, 2023; Grant No. CO0061L8T042114, Grant Period July 1, 2022 - June 30, 2023

Condition: Significant Deficiency - A rental rate comparison to HUD published fair market rents was not performed for one tenant out of the 37 cases selected for testing.

Criteria: 24 CFR

Questioned costs: \$0

Context: Where grants are used to pay rent for individual housing units, the rent paid must be reasonable in relation to rents being charged for comparable units taking into account relevant features. In addition, the rents may not exceed rents currently being charged by the same owner for comparable unassisted units, and the portion of rents paid with grant funds may not exceed HUD-determined fair market rents.

Cause: The Organization was unable to provide a manager approved rental rate comparison due to turnover within the Organization.

Effect: Tenant could be paying above market rent and/or HUD reimbursing the Organization for more than they should be in accordance with HUD-determined fair market rents.

Repeat finding: (2022-001).

Recommendation: HPP needs to complete an annual rent reasonableness calculation for all tenants. This should be completed by a case manager, and the tenant file reviewed independently by the Director of Housing.

View of Responsible Official and Planned Corrective Action: Management agrees with the finding. See corrective action plan.



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Auditee Summary Schedule of Prior Year Findings Year Ended December 31, 2023

Federal Award Findings

Finding Number: 2022-001 Special Tests and Provisions

Condition (Significant Deficiency): A rental rate comparison to HUD published fair market rents was not performed for one tenant out of the 37 cases selected for testing, and there was no manager approval on the rental rate comparison to HUD published fair market rents for two other tenants out of the 37 cases selected for.

Recommendation: The Organization should compare rental rates to HUD published fair market rents for all tenants and document the comparison.

Current Status: The file was corrected on the day of the audit when the error was discovered. A quick survey or rental comparisons for the zip code were identified and attached to the form in the client file.

Reason for reoccurring finding and planned corrective action: The missing rent reasonableness form was an oversight on both case manager and program manager. We generally have the program manager ensure that all documents are accounted for prior to filing, however with the changeover of Program Manager in July – September of 2023 this form was overlooked.

Moving forward all documents for new move ins and annual recertification will be reviewed, initialed, and date stamped by the Director of Housing programs to ensure all correctness prior to filing. A copy of specific financial documents will also be provided to the accountant for easy reviewing to include the following:

1. Rental portion letter
 2. RTA
 3. Utility Allowance
 4. Rent Reasonableness
 5. W9
 6. HAP agreement
 7. Proof of income
 8. Income calculation worksheet
-



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Auditee Corrective Action Plan Year Ended December 31, 2023

Federal Award Findings

Department of Housing and Urban Development Continuum of Care Program – ALN No. 14.267

Finding Number: 2023-001 Special Tests and Provisions

Planned Corrective Action: HPP staff will follow written policy and procedures for ensuring all clients have a rent reasonableness form with new move ins and annual recertifications. The Director of Housing Programs will initial each document submitted for a new move in or an annual recertification to ensure all necessary documents are in each client file.

Person Responsible for Corrective Action: Director of Housing Heather Ryan Figueroa

Anticipated Date of Completion: June 7, 2024

