CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

December 31, 2021

TABLE OF CONTENTS

Independent Auditors' Report	3 - 5
Consolidated Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Activities and Changes in Net Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 18
Compliance Reports	19
Independent Auditors' 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*	20 - 22
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*	23 - 26
Schedule of Findings and Questioned Costs	27 - 29
Supplementary Information	30
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance	31 - 32
Notes to the Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance	33
Consolidating Statement of Financial Position	34
Consolidating Statement of Activities and Changes in Net Assets	35

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Housing First Steps Forward, Inc. and Subsidiaries

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Housing First Steps Forward, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, and cash flows for the year 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 Housing First Steps Forward, Inc. and Subsidiaries as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Housing First Steps Forward, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Housing First Steps Forward, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Housing First Steps Forward, Inc. and Subsidiaries' 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 Housing First Steps Forward, Inc. and Subsidiaries' 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 and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650 Rules of the Auditor General, 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 and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

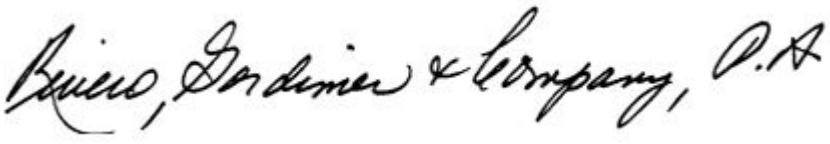
We have previously audited Housing First Steps Forward, Inc. and Subsidiaries' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position and Consolidating Statement of Activities and Changes in Net Assets are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022 on our consideration of the Housing First Steps Forward, Inc. and Subsidiaries' 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 Housing First Steps Forward, Inc. and Subsidiaries' 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 Housing First Steps Forward, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Tampa, Florida
October 3, 2022

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021
(With comparative total for 2020)

	2021			Total
	Without donor restrictions	With donor restrictions	Total	December 31, 2020
ASSETS				
Current assets				
Cash (note A6)	$ 295,678	$ 198,918	$ 494,596	$ 121,898
Accounts receivable (note A7)	52,041	-	52,041	52,242
Prepaid expenses	26,494	-	26,494	-
Total current assets	374,213	198,918	573,131	174,140
Tenant deposits held in trust	69,363	-	69,363	64,454
Replacement reserve (note A12)	123,144	-	123,144	87,363
Property, improvements and equipment, net (notes A8 and C)	4,423,779	2,983,949	7,407,728	6,168,164
Other assets				
Deposits	6,081	-	6,081	6,081
Total assets	$ 4,996,580	$ 3,182,867	$ 8,179,447	$ 6,500,202
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	$ 158,008	$ -	$ 158,008	$ 67,385
Current portion of mortgages payable (note E)	148,959	-	148,959	150,298
Due to related party (note D)	577,403	-	577,403	465,941
Deferred revenues	32,376	198,919	231,295	7,942
Total current liabilities	916,746	198,919	1,115,665	691,566
Long-term liabilities				
Mortgages payable, less current maturities (note E)	3,222,160	-	3,222,160	3,361,459
Tenant deposits	69,363	-	69,363	64,454
Total long-term liabilities	3,291,523	-	3,291,523	3,425,913
Total liabilities	4,208,269	198,919	4,407,188	4,117,479
Net assets (note A10 and note H)				
Without donor restrictions	788,311	-	788,311	676,756
With donor restrictions	-	2,983,948	2,983,948	1,705,967
Total net assets	788,311	2,983,948	3,772,259	2,382,723
Total liabilities and net assets	$ 4,996,580	$ 3,182,867	$ 8,179,447	$ 6,500,202

The accompanying notes are an integral part of this consolidated statement.

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2021
(With comparative total for 2020)

	2021			
	Without donor restrictions	With donor restrictions	Total	Total December 31, 2020
OPERATING REVENUES				
Rental income	$ 1,077,575	$ -	$ 1,077,575	$ 1,166,963
Governmental grants	-	1,452,581	1,452,581	-
Board donations	76,500	-	76,500	30,000
Direct public support	1,000	-	1,000	1,000
Miscellaneous income	29,960	-	29,960	30,366
Total operating revenue	1,185,035	1,452,581	2,637,616	1,228,329
Net assets released from restrictions	174,600	(174,600)	-	-
Total revenue	1,359,635	1,277,981	2,637,616	1,228,329
OPERATING EXPENSES				
Administrative expenses	221,050	-	221,050	180,639
Operating and maintenance expenses	679,701	-	679,701	649,180
Interest expense	185,946	-	185,946	190,017
Depreciation expense	161,383	-	161,383	168,135
Total operating expenses	1,248,080	-	1,248,080	1,187,971
CHANGE IN NET ASSETS	111,555	1,277,981	1,389,536	40,358
Net assets at beginning of year	676,756	1,705,967	2,382,723	2,342,365
Net assets at end of year	$ 788,311	$ 2,983,948	$ 3,772,259	$ 2,382,723

The accompanying notes are an integral part of this consolidated statement.

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

Cash flows from operating activities	
Change in net assets	$ 1,389,536
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	171,119
Decrease in accounts receivable	201
Increase in prepaid expenses	(26,494)
Increase in accounts payable and accrued expenses	90,623
Decrease in related party payables	(151,482)
Increase in deferred revenues	223,353
Total adjustments	307,320
Net cash provided by operating activities	1,696,856
Cash flows from investing activities	
Purchase of property, improvements and equipment	(1,400,947)
Net deposits to reserve for replacements and interest retained in account	(35,781)
Net cash used by investing activities	(1,436,728)
Cash flows from financing activites	
Net increase in due to related party	262,944
Payments on mortgages payable	(150,374)
Net cash provided by financing activities	112,570
Net increase in cash and cash equivalents	372,698
Cash and cash equivalents at beginning of year	121,898
Cash and cash equivalents at end of year	$ 494,596
Supplemental disclosures of cash flow information	
Cash paid during the year	
Interest	$ 160,158
Taxes	$ -

The accompanying notes are an integral part of this consolidated statement.

Housing First Steps Forward, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A brief description of Housing First Steps Forward, Inc. and Subsidiaries (the "Organization") and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Nature of the Organization

Housing First Steps Forward, Inc. ("HFSF, Inc.") was incorporated under the laws of the State of Florida on June 26, 2013 as a Florida non-profit corporation. HFSF, Inc.'s mission is to offer permanent housing and support services for the chronically homeless adult population in Hillsborough County by opening five hundred apartment units over a five year period. In 2015, the Organization received funding through the City of Tampa, Florida and Hillsborough County, Florida to acquire and develop foreclosed properties under the State Housing Initiatives Partnership (SHIP) Program pursuant to Section 420.907 through 420.9079 of the Florida Statutes. In 2017 and 2018, the Organization received funding through the Tampa Hillsborough Homeless Initiative, Inc. to acquire and develop foreclosed properties under the Local Economic Development Initiatives Program.

HFSF 1, LLC is a wholly owned subsidiary of HFSF, Inc. which operates a twenty unit apartment complex in Tampa, Florida ("Orchid Cove"). Orchid Cove commenced renting apartment units in 2014. The apartment units are rented to persons of very low or no income.

HFSF 2, LLC is a wholly owned subsidiary of HFSF, Inc. which operates a forty-seven unit apartment complex in Tampa, Florida ("Southland"). Southland commenced renting apartment units in 2015. Under the terms of the funding agreements with the City of Tampa, Florida and Hillsborough County, Florida, the apartment units are rented to persons of very low or no income.

HFSF 3, LLC is a wholly owned subsidiary of HFSF, Inc. which operates a thirty-six unit apartment complex in Tampa, Florida ("Manchester"). Manchester commenced renting apartment units in 2016. In accordance with HFSF, Inc.'s mission statement, the apartment units are rented to persons of very low or no income.

HFSF 4, LLC is a wholly owned subsidiary of HFSF, Inc., which operates a twenty-four unit apartment complex in Tampa, Florida ("Greenwood"). Greenwood commenced renting apartment units in 2018. In accordance with HFSF, Inc.'s mission statement, the apartment units are rented to persons of very low or no income.

HFSF 5, LLC is a wholly owned subsidiary of HFSF, Inc., which was purchased in 2021 and is currently undergoing rehabilitation. Once the rehabilitation is complete, it will begin operations renting thirty-six apartment units. In accordance with HFSF, Inc.'s mission statement, the apartment units are rented to persons of very low or no income.

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Organization's revenues are primarily derived from rental income received from the tenants and governmental grants.

The Organization uses an unrelated third-party management agent to handle the day to day operations of Orchid Cove, Southland, Manchester and Greenwood. Fees paid to the management agent are based on contracted rates.

2. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Housing First Steps Forward, Inc. and its wholly owned subsidiaries, HFSF 1, LLC, HFSF 2, LLC, HFSF 3, LLC, HFSF 4, LLC and HFSF 5, LLC (collectively, the "Organization"). Significant intercompany accounts and transactions have been eliminated in consolidation.

3. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and are prepared under the guidance of the Financial Accounting Standards Board *Accounting Standards Codification ("FASB ASC")*.

4. 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B for more information on liquidity and availability of assets.

6. Cash, Cash Equivalents and Concentration of Credit Risk

The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. Financial instruments that potentially subject the Organization to Concentrations of credit risk are primarily cash and accounts receivable. The Organization's cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage.

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Organization has not experienced any losses in its cash accounts and does not believe it is exposed to any significant credit risks related to uninsured amounts.

7. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Uncollectible amounts are directly written off through a charge to bad debt expense and a credit to accounts receivable. Management does not provide for a provision to a valuation allowance against probable uncollectible amounts because such uncollectible amounts are determined to be immaterial to the consolidated financial statements.

8. Property and Improvements

Property and improvements are recorded and presented at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the current period. The cost of maintenance, repairs and recurring replacements is expensed as incurred. However, significant betterments of $500 or more are capitalized.

Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Repairs and maintenance costs are expensed as incurred.

9. Deferred Rent Revenue

Rental payments are recognized as revenue in the applicable rental period. Rental payments collected in advance are recorded as deferred rent and recognized as income in the subsequent period.

10. Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

11. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized. Time-restricted contributions are required to be reported as net assets with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction.

12. Replacement Reserve

Replacement reserve represents funds which have been designated to be used for replacement of property, improvements and equipment.

13. Revenues and Expense Recognition

Revenues from the rental of apartments are recognized on the first day of the month for which rent is due. Expenses are recognized as incurred.

14. Income Taxes

The Organization has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been recorded in these financial statements. The Organization has not reported any unrelated business income; however, such status is subject to final determination upon examination, if any, of the related income tax returns by the appropriate taxing authorities.

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years since 2018 remain subject to examination by federal and state taxing authorities.

NOTE A - NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

NOTE B - LIQUIDITY AND AVAILABILITY

At December 31, 2021 the Organization has $347,719 of financial assets available to meet needs for general expenditures consisting of cash of $295,678 and tenant accounts receivable of $52,041. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months. In addition, the Organization may maintain funds in a reserve for replacement. These funds are used for the benefit of the tenants and/or Organization. The funds may be withdrawn only with the approval of lender. Such funds are not considered by the Organization to have donor-restrictions.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the rents of the Organization's units. In general, the Organization maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

NOTE C - PROPERTY, IMPROVEMENTS AND EQUIPMENT

Property, improvements and equipment consist of the following at December 31, 2021:

Land	$ 1,146,957
Building	6,349,184
Building improvements	883,737
Furniture and equipment	57,281
	8,437,159
Less accumulated depreciation	(1,029,431)
	$ 7,407,728

Depreciation expense for the year ended December 31, 2021 was $161,383.

NOTE D - DUE TO RELATED PARTY

The amounts due to related party consisted of the following at December 31, 2021:

Promissory note due to a related party, interest accrues monthly at a variable rate, which is 2.64% at December 31, 2021, collateralized by land and building, due on demand	$ 577,403

Interest expense incurred for amounts owed to the related party approximated $12,000 for the year ended December 31, 2021.

NOTE E - MORTGAGES PAYABLE

Mortgages payable consisted of the following at December 31, 2021:

Mortgage note payable, monthly payment of $3,340 including interest at 4.5%, secured by property, maturing in April 2022	$ 399,186
Mortgage note payable, monthly payment of $10,326 including interest at 4.5%, secured by property, maturing in April 2026	1,302,199
Mortgage note payable, monthly payment of $7,163 including interest at 4.75%, secured by property, maturing in January 2023	962,147
Mortgage note payable, monthly payment of $5,209 including interest at 4.75%, secured by property, maturing in January 2024	728,195
Total long-term debt	3,391,727
Less current maturities	(148,959)
Less unamortized loan acquisitions costs	(20,608)
Long-term maturities	$ 3,222,160

NOTE E - MORTGAGES PAYABLE - Continued

The aggregate maturities of mortgages payable for each of the next five years subsequent to December 31, 2021 and thereafter are as follows:

Year ending December 31,	
2022	$ 148,959
2023	1,033,480
2024	754,922
2025	89,611
2026	1,034,530
Thereafter	330,225
	$ 3,391,727

NOTE F - DEFERRED MORTGAGES AND NOTES PAYABLE

The Organization obtained a $250,000 deferred mortgage promissory note from the City of Tampa, Florida under the terms of the State Housing Initiatives Partnership (SHIP) Program. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principal repayments.

Repayment of the principal balance is deferred until the mortgage loan matures in May 2036, at which time the full balance will be forgiven in accordance with the program. The loan is secured by a mortgage on the underlying property. These funds were recognized as a donor restricted contribution of $250,000 as of the date of issuance, rather than as a liability due to the intent to operate the property during the mortgage period as stipulated in the agreement. The debt is expected to be forgiven at maturity. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021. Prior to the consideration of amount forgiven, $250,000 would be due in 2036.

The Organization obtained a $250,000 deferred mortgage promissory note from Hillsborough County, Florida under the terms of the State Housing Initiatives Partnership (SHIP) Program. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principal repayments. Repayment of the principal balance is deferred until the mortgage loan matures in May 2036, at which time the full balance will be forgiven in accordance with the program. The loan is secured by a mortgage on the underlying property. These funds were recognized as a donor restricted contribution of $250,000 as of the date of issuance, rather than as a liability due to the intent to operate the property during the mortgage period as stipulated in the agreement. The debt is expected to be forgiven at maturity. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021. Prior to the consideration of amount forgiven, $250,000 would be due in 2036.

NOTE F - DEFERRED MORTGAGES AND NOTES PAYABLE- Continued

The Organization obtained a $600,000 deferred note payable from Tampa Hillsborough Homeless Initiative, Inc. through a local funding agreement. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principal payments. Repayment of the principal balance is deferred for a ten year period with the following terms; after an initial term of five years, repayment of the principal balance will be reduced by 20% for each of the next five years, upon which the full balance will be forgiven in accordance with the loan agreement in October 2025. These funds were recognized as a donor restricted contribution of $600,000 as of the date of the issuance, rather than as a liability due to the intent to operate the property during the loan period as stipulated in the agreement. The debt is expected to be forgiven at maturity. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021.

The Organization obtained a $744,000 deferred note payable from Tampa Hillsborough Homeless Initiative, Inc. through a local funding agreement. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principle payments. Repayment of the principal balance is deferred for a fifteen year period with the following terms; after an initial term of five years, repayment of the principal balance will be reduced by 10% for each of the next ten years, upon which the full balance will be forgiven in accordance with the loan agreement in April 2032.

These funds were recognized as a donor restricted contribution of $744,000 as of the date of the issuance, rather than as a liability due to the intent to operate the property during the loan period as stipulated in the agreement. The debt is expected to be forgiven at maturity. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021. Prior to the consideration of amount forgiven, $744,000 would be due in 2032.

The Organization obtained a $600,000 deferred note payable from Tampa Hillsborough Homeless Initiative, Inc. through a local funding agreement. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principle payments. Repayment of the principal balance is deferred for a fifteen year period with the following terms; after an initial term of five years, repayment of the principal balance will be reduced by 10% for each of the next ten years, upon which the full balance will be forgiven in accordance with the loan agreement in April 2033. These funds were recognized as a contribution with donor restriction of $600,000 as of the date of the issuance, rather than as a liability due to the intent to operate the property during the loan period as stipulated in the agreement. The debt is expected to be forgiven at maturity. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021. Prior to the consideration of amount forgiven, $600,000 would be due in 2033.

NOTE F - DEFERRED MORTGAGES AND NOTES PAYABLE- Continued

The Organization obtained a $2,551,500 deferred note payable from Tampa Hillsborough Homeless Initiative, Inc. through a local funding agreement, of which $1,651,500 had been received by December 31, 2021. Under the terms of this agreement, as long as the Organization is not in default of any provisions of the related loan document, the loan bears no stated interest rate nor requires principle payments. Repayment of the principal balance is deferred for a thirty year period after which if the Organization is not in default, the full amount will be foregiven.

These funds were recognized as a donor restricted contribution of $1,452,581 in the Consolidate Statement of Activities as of December 31, 2021, which is the amount expended at that point in time. Due to the intent to operate the property during the loan period as stipulated in the agreement, the amount is recorded as a government grant rather than as a liability. The aggregate maturities of long-term debt are zero for each of the five years subsequent to December 31, 2021.

NOTE G - RENTAL RATES

Under the terms of the deferred mortgage payment agreement with the City of Tampa, Florida and Hillsborough County, Florida, the Organization is limited to the amount they may charge for rental of the apartment units based on the rates established by the Florida Housing Finance Corporation rent limit chart for the SHIP Program. These rent limits are updated annually.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds received for purchase of supportive housing facilities. These funds are subject to time restrictions due to mortgage loans and deferred notes payable that were consummated at the time of the contribution (see note F). The time restrictions expire on a straight-line basis over the term of the underlying loan agreements. The balance of the net assets with donor restriction was $2,983,948 as of December 31, 2021. Time restriction releases of $174,600 occurred for the year ended December 31, 2021.

NOTE I - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Organization's programs have been summarized in the accompanying statement of activities and changes in net assets. The functional allocation of costs between program and management activities follows:

	Program Services	Management and General	Total
Salaries and benefits	$ 113,189	$ 22,819	$ 136,008
Administrative and office	2,813	68,159	70,972
Insurance	93,122	-	93,122
Legal and accounting	-	42,132	42,132
Management fees	-	69,100	69,100
Property taxes and fees	5,665	-	5,665
Travel	6,605	4,870	11,475
Facilities management	315,456	-	315,456
Repairs and maintenance	156,821	-	156,821
Total costs of operations before interest, depreciation and amortization	693,671	207,080	900,751
Interest	185,946	-	185,946
Depreciation and amortization	161,383	-	161,383
Total expenses	$ 1,041,000	$ 207,080	$ 1,248,080

Directly identifiable expenses are charged to program and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE J - CONSTRUCTION COMMITMENTS

The Organization has entered into a construction contract for an amount not to exceed $2,826,880 for the rehabilitation of the apartment units purchased by HFSF 5, LLC. As of December 31, 2021, work had not commenced on the project. The rehabilitation project will be funded through local and federal grants and loans.

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2021 as of October 3, 2022, which is the date the financial statements were available to be issued.

COMPLIANCE REPORTS

INDEPENDENT AUDITORS' 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*

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

December 31, 2021

RIVERO, GORDIMER & COMPANY, P.A.

CPAS AND ADVISORS

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
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Cesar J. Rivero, in Memoriam (1942-2017)

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Julie A. Davis

INDEPENDENT AUDITORS' 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 of
Housing First Steps Forward, Inc. and Subsidiaries

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 consolidated financial statements of Housing First Steps Forward, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 3, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Housing First Steps Forward, Inc. and Subsidiaries' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing First Steps Forward, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Housing First Steps Forward, Inc. and Subsidiaries' internal control.

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

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

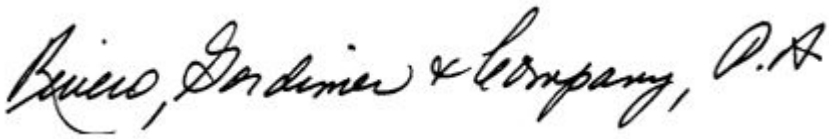
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing First Steps Forward, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Housing First Steps Forward, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tampa, Florida
October 3, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

December 31, 2021

RIVERO, GORDIMER & COMPANY, P.A.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Housing First Steps Forward, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Housing First Steps Forward, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Housing First Steps Forward, Inc. and Subsidiaries' major federal programs and state projects for the year ended December 31, 2021. Housing First Steps Forward, Inc. and Subsidiaries' major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing First Steps Forward, Inc. and Subsidiaries' 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 and state projects for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program and State Project

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) and Chapter 10.650, *Rules of the Auditor General*. 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 Housing First Steps Forward, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing First Steps Forward, Inc. and Subsidiaries' compliance with the compliance requirements referred to above.

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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 Housing First Steps Forward, Inc. and Subsidiaries' federal programs and state projects.

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 Housing First Steps Forward, Inc. and Subsidiaries' 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*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 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 Housing First Steps Forward, Inc. and Subsidiaries' compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, 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 Housing First Steps Forward, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances
- Obtain an understanding of Housing First Steps Forward, Inc. and Subsidiaries' 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 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Housing First Steps Forward, Inc. and Subsidiaries' 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

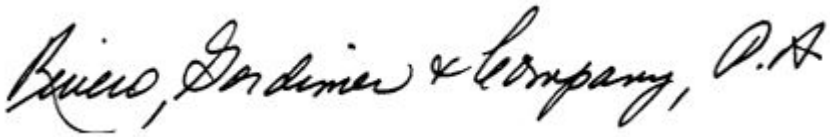
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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 and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida
October 3, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

For the year ended December 31, 2021

Housing First Steps Forward, Inc. and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes **X** no
Significant deficiency(ies) identified?	____ yes **X** none reported
Noncompliance material to financial statements noted?	____ yes **X** no

Federal Awards and State Financial Assistance

Internal control over major projects:	
Material weakness(es) identified?	____ yes **X** no
Significant deficiency(ies) identified?	____ yes **X** none reported
Type of auditors' report issued on compliance for major federal programs and state projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.656	____ yes **X** no

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

CSFA Number	Name of State Project
40.012	Local Economic Development Initiatives

Dollar threshold used to distinguish between type A and type B federal programs and state projects:	
Federal awards:	$ 750,000
State projects:	$ 448,200
Auditee qualified as a low-risk auditee as defined by the Uniform Guidance?	____ yes **X** no

Housing First Steps Forward, Inc. and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2021

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2021

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended December 31, 2021

Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior year audit findings related to Federal programs or State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.)

A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts. (see AG Rules 10.557(3)(d)6. and 10.656(3)(d)6.)

SUPPLEMENTARY INFORMATION

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

For the year ended December 31, 2021

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2021

Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number or State CSFA #	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Expenditures
Federal Programs				
Department of the Treasury				
Indirect Programs				
Passed-through Hillsborough County, Florida				
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ -	$ 1,452,582
Total Department of the Treasury - Indirect Programs			-	1,452,582
Total expenditures of Federal awards			-	1,452,582
State Projects				
Florida Housing Finance Corporation				
Indirect Projects				
Passed-through City of Tampa, Florida State Housing Initiatives Partnership Program (SHIP)	40.901	Capital Advance Non-Amortizing Mortgage	-	250,000
Passed-through Hillsborough County, Florida State Housing Initiatives Partnership Program (SHIP)	40.901	Capital Advance Non-Amortizing Mortgage	-	250,000
Total Florida Housing Finance Corporation - Indirect Projects			-	500,000
Passed-through Florida Department of Economic Opportunity Local Economic Development Initiatives	40.012	Capital Advance Non-Amortizing Mortgage	-	744,000
Passed-through Florida Department of Economic Opportunity Local Economic Development Initiatives	40.012	Capital Advance Non-Amortizing Mortgage	-	250,000
Total Department of Economic Opportunity - Indirect Projects			-	994,000
Total expenditures of state financial assistance			-	1,494,000
Total expenditures of federal programs and state financial assistance			$ -	$ 2,946,582

The accompanying notes are an integral part of this consolidated schedule.

Housing First Steps Forward, Inc. and Subsidiaries

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal and state grant activity of Housing First Steps Forward, Inc. and Subsidiaries (the "Organization") and is presented on the accrual basis of accounting. 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) and Chapter 10.650 Rules of the Auditor General. 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 assets, or cash flows of the Organization.

Expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650 Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE B - CONTINGENCIES

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE C - CAPITAL ADVANCE, NON-AMORTIZING MORTGAGE

The Capital Advance, Non-Amortizing Mortgage is administered directly by Housing First Steps Forward, Inc. and Subsidiaries, and balances and transactions relating to this program are included in Housing First Steps Forward, Inc. and Subsidiaries' consolidated financial statements. The value of the Capital Advance, Non-Amortizing Mortgage received during the year is included in the State expenditures presented in the Schedule. The balance of the mortgage outstanding at December 31, 2021 is $1,494,000. As long as Housing First Steps Forward, Inc. and Subsidiaries remains qualified under the Florida Housing Finance Corporation, *State Housing Initiatives Partnership Program (SHIP)* and *Local Economic Development Initiatives Program,* repayment of the principal balance on the mortgage is deferred until final maturity in 2036 and 2032, respectively. At that time, the mortgage will be forgiven.

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Housing First Steps Forward, Inc.	HFSF 1, LLC (Orchid Cove)	HFSF 2, LLC (Southland)	HFSF 3, LLC (Manchester)	HFSF 4, LLC (Greenwood)	HFSF 5, LLC (Youngstown)	Consolidated Total
ASSETS							
Current assets							
Cash	$ 235,336	$ 946	$ 20,089	$ 9,191	$ 30,116	$ 198,918	$ 494,596
Accounts receivable	-	11,584	10,011	8,924	21,522	-	52,041
Prepaid expenses	-	-	-	-	-	26,494	26,494
Total current assets	235,336	12,530	30,100	18,115	51,638	225,412	573,131
Tenant deposits held in trust	-	5,304	33,787	22,152	8,120	-	69,363
Replacement reserve	-	16,668	79,460	21,541	5,475	-	123,144
Property, improvements and equipment, net	-	807,234	2,323,276	1,699,019	1,177,252	1,400,947	7,407,728
Other assets							
Deposits	-	-	1,411	2,920	1,750	-	6,081
Total assets	$ 235,336	$ 841,736	$ 2,468,034	$ 1,763,747	$ 1,244,235	$ 1,626,359	$ 8,179,447
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	$ 27,933	$ 13,623	$ 20,620	$ 90,617	$ 5,215	$ -	$ 158,008
Current portion of mortgages payable	-	13,810	65,889	40,576	28,684	-	148,959
Due to related party	123,140	8,446	(2,427)	477,658	(29,414)	-	577,403
Deferred revenues	-	1,010	14,380	12,833	4,154	198,918	231,295
Total current liabilities	151,073	36,889	98,462	621,684	8,639	198,918	1,115,665
Long-term liabilities							
Mortgages payable, less current maturities	-	377,026	1,233,667	918,583	692,884	-	3,222,160
Tenant deposits	-	5,304	33,787	22,152	8,120	-	69,363
Total long-term liabilities	-	382,330	1,267,454	940,735	701,004	-	3,291,523
Total liabilities	151,073	419,219	1,365,916	1,562,419	709,643	198,918	4,407,188
Net assets							
Without donor restrictions	84,263	422,517	536,618	(311,205)	81,259	(25,141)	788,311
With donor restrictions	-	-	565,500	512,533	453,333	1,452,582	2,983,948
Total net assets	84,263	422,517	1,102,118	201,328	534,592	1,427,441	3,772,259
Total liabilities and net assets	$ 235,336	$ 841,736	$ 2,468,034	$ 1,763,747	$ 1,244,235	$ 1,626,359	$ 8,179,447

See Independent Auditors' Report

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2021

	Housing First Steps Forward, Inc.	HFSF 1, LLC (Orchid Cove)	HFSF 2, LLC (Southland)	HFSF 3, LLC (Manchester)	HFSF 4, LLC (Greenwood)	HFSF 5, LLC (Youngstown)	Consolidated Total
OPERATING REVENUES							
Rental income	$ -	$ 177,047	$ 435,144	$ 296,268	$ 169,116	$ -	$ 1,077,575
Governmental grants	-	-	-	-	-	1,452,581	1,452,581
Board donations	76,500	-	-	-	-	-	76,500
Direct public support	1,000	-	-	-	-	-	1,000
Miscellaneous income	393	467	7,295	-	21,805	-	29,960
Total operating revenue	77,893	177,514	442,439	296,268	190,921	1,452,581	2,637,616
OPERATING EXPENSES							
Administrative expenses	29,300	30,488	64,954	64,361	27,447	4,500	221,050
Operating and maintenance expenses	23,632	116,372	245,290	200,234	73,533	20,640	679,701
Interest expense	12,943	19,929	65,145	49,945	37,984	-	185,946
Depreciation and amortization expense	-	12,581	73,013	44,045	31,744	-	161,383
Total operating expenses	65,875	179,370	448,402	358,585	170,708	25,140	1,248,080
CHANGE IN NET ASSETS	12,018	(1,856)	(5,963)	(62,317)	20,213	1,427,441	1,389,536
Net assets at beginning of year	52,390	424,373	1,118,299	281,693	505,968	-	2,382,723
Net asset contributions/(distributions)	19,855	-	(10,218)	(18,048)	8,411	-	-
Net assets at end of year	$ 84,263	$ 422,517	$ 1,102,118	$ 201,328	$ 534,592	$ 1,427,441	$ 3,772,259

See Independent Auditors' Report