CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

December 31, 2022

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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, 2022, 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, 2022, 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

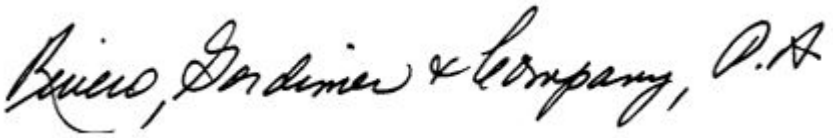
accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on 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 September 25, 2023 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
September 25, 2023

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

	Without donor restrictions	With donor restrictions	Total
ASSETS			
Current assets			
Cash (note A6)	$ 118,041	$ -	$ 118,041
Accounts receivable (note A7)	51,893	-	51,893
Grant receivable	1,347,582	-	1,347,582
Prepaid expenses	3,170	-	3,170
Total current assets	1,520,686	-	1,520,686
Tenant deposits held in trust	68,884	-	68,884
Replacement reserve (note A12)	132,748	-	132,748
Property, improvements and equipment, net (notes A8 and C)	4,626,586	4,802,460	9,429,046
Deposits	2,911	-	2,911
Total assets	$ 6,351,815	$ 4,802,460	$ 11,154,275
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	$ 1,267,700	$ -	$ 1,267,700
Accrued construction costs			
Current portion of mortgages payable (note E)	128,845	-	128,845
Due to related party (note D)	1,003,725	-	1,003,725
Deferred revenues	38,031	-	38,031
Total current liabilities	2,438,301	-	2,438,301
Long-term liabilities			
Mortgages payable, less current maturities (note E)	3,107,118	-	3,107,118
Tenant deposits	68,884	-	68,884
Total long-term liabilities	3,176,002	-	3,176,002
Total liabilities	5,614,303	-	5,614,303
Net assets (note A10 and note H)			
Without donor restrictions	737,521	-	737,521
With donor restrictions	-	4,802,451	4,802,451
Total net assets	737,521	4,802,451	5,539,972
Total liabilities and net assets	$ 6,351,824	$ 4,802,451	$ 11,154,275

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, 2022

	Without donor restrictions	With donor restrictions	Total
OPERATING REVENUES			
Rental income	$ 1,205,678	$ -	$ 1,205,678
Governmental grants	30,000	1,993,103	2,023,103
Miscellaneous income	9,149	-	9,149
Total operating revenue	1,244,827	1,993,103	3,237,930
Net assets released from restrictions	174,600	(174,600)	-
Total revenue	1,419,427	1,818,503	3,237,930
OPERATING EXPENSES			
Administrative expenses	304,654	-	304,654
Operating and maintenance expenses	851,071	-	851,071
Interest expense	191,362	-	191,362
Depreciation expense	170,633	-	170,633
Total operating expenses	1,517,720	-	1,517,720
CHANGE IN NET ASSETS	(98,293)	1,818,503	1,720,210
Net assets at beginning of year	788,312	2,983,948	3,772,260
Net asset contributions (distributions)	47,502	-	47,502
Net assets at end of year	$ 737,521	$ 4,802,451	$ 5,539,972

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, 2022

Cash flows from operating activities	
Change in net assets	$ 1,767,712
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	179,221
Decrease in accounts receivable	148
Increase in grants receivable	(1,347,582)
Decrease in prepaid expenses and deposits	26,494
Increase in accounts payable and accrued expenses	1,109,693
Decrease in deferred revenues	(193,264)
Total adjustments	(225,290)
Net cash provided by operating activities	1,542,422
Cash flows from investing activities	
Purchase of property, improvements and equipment	(2,000,294)
Net deposits to reserve for replacements and interest retained in account	(9,604)
Net cash used by investing activities	(2,009,898)
Cash flows from financing activites	
Net increase in due to related party	426,403
Loan issuance costs	(197,111)
Payments on mortgages payable	(138,280)
Net cash provided by financing activities	91,012
Net increase in cash and cash equivalents	(376,464)
Cash and cash equivalents at beginning of year	494,596
Cash and cash equivalents at end of year	$ 118,132
Supplemental disclosures of cash flow information	
Cash paid during the year	
Interest	$ 156,769
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, 2022

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. and Subsidiaries ("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. 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, Greenwood and Youngstown. 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 2019 remain subject to examination by federal and state taxing authorities.

NOTE B - LIQUIDITY AND AVAILABILITY

At December 31, 2022 the Organization has $163,944 of financial assets available to meet needs for general expenditures consisting of cash of $112,051 and tenant accounts receivable of $51,893. 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, 2022:

Land	$ 1,146,957
Building	8,536,943
Building improvements	900,983
Furniture and equipment	40,035
	10,624,918
Less accumulated depreciation	(1,195,872)
	$ 9,429,046

Depreciation expense for the year ended December 31, 2022 was $170,633.

NOTE D - DUE TO RELATED PARTY

The amounts due to related party consisted of the following at December 31, 2022:

Promissory note due to a related party, interest accrues monthly at a variable rate, which is 6.672% at December 31, 2022, collateralized by land and building, due on demand	$ 1,003,725

Interest expense incurred for amounts owed to the related party approximated $33,000 for the year ended December 31, 2022.

NOTE E - MORTGAGES PAYABLE

Mortgages payable consisted of the following at December 31, 2022:

Mortgage note payable, monthly payment of $2,496 including interest at 4.5%, secured by property, maturing in April 2029	$ 386,516
Mortgage note payable, monthly payment of $10,326 including interest at 4.5%, secured by property, maturing in April 2026	1,237,264
Mortgage note payable, monthly payment of $6,522 including interest at 5.75%, secured by property, maturing in January 2023	922,065
Mortgage note payable, monthly payment of $5,209 including interest at 4.75%, secured by property, maturing in January 2024	704,905
Total long-term debt	3,250,750
Less current maturities	(128,845)
Less unamortized loan costs	(14,787)
Long-term maturities	$ 3,107,118

The aggregate maturities of mortgages payable for each of the next five years subsequent to December 31, 2022 and thereafter are as follows:

Year ending December 31,	
2023	$ 128,845
2024	787,433
2025	118,245
2026	1,065,809
2027	47,522
Thereafter	1,102,896
	$ 3,250,750

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, 2022. 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, 2022. Prior to the consideration of amount forgiven, $250,000 would be due in 2036.

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, 2022.

NOTE F - DEFERRED MORTGAGES AND NOTES PAYABLE- Continued

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, 2022. 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, 2022. Prior to the consideration of amount forgiven, $600,000 would be due in 2033.

The Organization obtained a $2,551,500 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 thirty-year period, upon which the full balance will be forgiven in accordance with the loan agreement in October 2051. These funds were recognized as a contribution with donor restriction of $2,551,500 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, 2022. Prior to the consideration of amount forgiven, $2,551,500 would be due in 2051.

NOTE F - DEFERRED MORTGAGES AND NOTES PAYABLE- Continued

These funds were recognized as a donor restricted contribution of $1,933,103 in the Consolidate Statement of Activities as of December 31, 2022, 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, 2022.

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 $4,802,451 as of December 31, 2022. Time restriction releases of $174,600 occurred for the year ended December 31, 2022.

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	$ 136,008	$ 20,479	$ 156,487
Administrative and office	6,981	66,426	73,407
Insurance	166,224	-	166,224
Legal and accounting	-	55,297	55,297
Management fees	-	77,169	77,169
Property taxes and fees	30,229	-	30,229
Travel	5,072	2,016	7,088
Facilities management	412,230	-	412,230
Repairs and maintenance	177,594	-	177,594
Total costs of operations before interest, depreciation and amortization	934,338	221,387	1,155,725
Interest	191,362	-	191,362
Depreciation and amortization	170,633	-	170,633
Total expenses	$ 1,296,333	$ 221,387	$ 1,517,720

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, 2022, rehabilitation is in progress, and the project will be available for housing by December 31, 2023. 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, 2022 as of September 25, 2023, 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, 2022

RIVERO, GORDIMER & COMPANY, P.A.

CPAS AND ADVISORS

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

Herman V. Lazzara
Sam A. Lazzara
Kevin R. Bass
Jonathan E. Stein
Stephen G. Douglas
Marc D. Sasser, of Counsel
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, 2022, 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 September 25, 2023.

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.

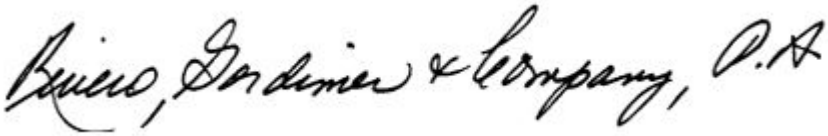
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Report on Compliance and Other Matters

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
September 25, 2023

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, 2022

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, 2022. 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, 2022.

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

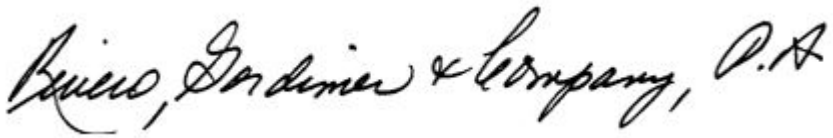
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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
September 25, 2023



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HOUSING FIRST STEPS FORWARD, INC. AND SUBSIDIARIES

For the year ended December 31, 2022

Housing First Steps Forward, Inc. and Subsidiaries

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2022

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?	**X** yes ____ no
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** no
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, 2022

Section II - Financial Statement Findings

Finding 2022-001: Significant Deficiency in Internal Control related to Financial Close

Criteria: The financial close process is considered necessary to ensure the Organization's financial statements identify reporting requirements and potential misstatements.

Condition: During the audit, misstatements were identified as a result of untimely financial close process.

Cause: A lack of formal financial close process let to the misstatements.

Effect: Grant receivables, property and equipment, payables and federal grant revenues were understated in excess of $1,300,000.

Recommendation: We recommend that a formal financial close process be implemented to include timely reconciliations and a detailed analytical review.

View of responsible officials and planned corrective actions: Management concurs with the recommendation. Planned corrective actions include implementing additional internal controls.

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

No matters were reported for the year ended December 31, 2022.

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, 2022

Housing First Steps Forward, Inc. and Subsidiaries

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2022

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	$ -	$ 1,993,103
Total Department of the Treasury - Indirect Programs			-	1,993,103
Total expenditures of Federal awards			-	1,993,103
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			$ -	$ 3,487,103

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, 2022

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, 2022 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, 2022

	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	$ 58,217	$ 5,969	$ 26,925	$ 2,163	$ 18,777	$ 5,990	$ 118,041
Accounts receivable	-	12,168	20,458	2,727	16,540	-	51,893
Grant receivable	-	-	-	-	-	1,347,582	1,347,582
Prepaid expenses	3,170	-	-	-	-	-	3,170
Total current assets	61,387	18,137	47,383	4,890	35,317	1,353,572	1,520,686
Tenant deposits held in trust	-	5,673	30,957	20,365	11,388	501	68,884
Replacement reserve	-	26,559	65,740	32,159	8,290	-	132,748
Property, improvements and equipment, net	-	792,928	2,246,930	1,654,974	1,145,508	3,588,706	9,429,046
Other assets							
Deposits	-	-	311	850	1,750	-	2,911
Total assets	$ 61,387	$ 843,297	$ 2,391,321	$ 1,713,238	$ 1,202,253	$ 4,942,779	$ 11,154,275
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	$ 48,486	$ 18,406	$ 16,690	$ 145,404	$ 7,200	$ 1,031,514	$ 1,267,700
Current portion of mortgages payable	-	12,873	68,959	16,936	30,077	-	128,845
Due to related party	47,927	5,431	3,683	474,231	(29,401)	501,854	1,003,725
Deferred revenues	399	924	23,868	10,812	2,028	-	38,031
Total current liabilities	96,812	37,634	113,200	647,383	9,904	1,533,368	2,438,301
Long-term liabilities							
Mortgages payable, less current maturities	-	369,757	1,161,975	905,129	670,257	-	3,107,118
Tenant deposits	-	5,673	30,957	20,365	11,388	501	68,884
Total long-term liabilities	-	375,430	1,192,932	925,494	681,645	501	3,176,002
Total liabilities	96,812	413,064	1,306,132	1,572,877	691,549	1,533,869	5,614,303
Net assets							
Without donor restrictions	(35,425)	430,233	604,689	(322,572)	97,371	(36,775)	737,521
With donor restrictions	-	-	480,500	462,933	413,333	3,445,685	4,802,451
Total net assets	(35,425)	430,233	1,085,189	140,361	510,704	3,408,910	5,539,972
Total liabilities and net assets	$ 61,387	$ 843,297	$ 2,391,321	$ 1,713,238	$ 1,202,253	$ 4,942,779	$ 11,154,275

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, 2022

	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	$ -	$ 193,722	$ 442,365	$ 327,492	$ 228,969	$ 13,130	$ 1,205,678
Governmental grants	30,000	-	-	-	-	1,993,103	2,023,103
Miscellaneous income	488	(244)	8,915	-	(10)	-	9,149
Total operating revenue	30,488	193,478	451,280	327,492	228,959	2,006,233	3,237,930
OPERATING EXPENSES							
Administrative expenses	81,660	35,145	50,775	49,041	67,266	20,767	304,654
Operating and maintenance expenses	42,234	118,324	267,793	229,874	112,546	80,300	851,071
Interest expense	21,310	18,767	62,495	47,499	41,291	-	191,362
Depreciation and amortization expense	4,972	13,526	76,346	44,045	31,744	-	170,633
Total operating expenses	150,176	185,762	457,409	370,459	252,847	101,067	1,517,720
CHANGE IN NET ASSETS	(119,688)	7,716	(6,129)	(42,967)	(23,888)	1,905,166	1,720,210
Net assets at beginning of year	84,263	422,517	1,102,118	201,328	534,592	1,427,442	3,772,260
Net asset contributions (distributions)	-	-	(10,800)	(18,000)	-	76,302	47,502
Net assets at end of year	$ (35,425)	$ 430,233	$ 1,085,189	$ 140,361	$ 510,704	$ 3,408,910	$ 5,539,972

See Independent Auditors' Report