

**I.M. SULZBACHER CENTER  
FOR THE HOMELESS, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
I.M. Sulzbacher Center for the Homeless, Inc. and Subsidiaries

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of I.M. Sulzbacher Center for the Homeless, Inc. and Subsidiaries (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the State of Florida Office of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying *Schedule of Source and Expenditures of City Grant Funds* is also presented for the purpose of additional analysis and 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 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 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 November 9, 2017 on our consideration of I.M. Sulzbacher Center for the Homeless, 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 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 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 I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
November 9, 2017

**I.M. Sulzbacher Center for the Homeless, Inc.  
Consolidated Statements of Financial Position**

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 22,522	\$ 34,175
Restricted cash (Note 7)	3,344,890	3,397,146
Grants receivable	1,721,247	394,463
Other receivables	52,327	67,993
Promises to give (Notes 2 and 5)	871,780	1,306,761
Inventories	4,511,421	1,102,805
Property and equipment, net of depreciation (Note 3)	12,261,794	9,728,822
Other assets	127,433	67,870
<b>TOTAL ASSETS</b>	<b>\$ 22,913,414</b>	<b>\$ 16,100,035</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Notes payable (Note 6)	\$ 456,912	\$ 391,318
Accounts payable	439,202	469,895
Accrued expenses	445,987	504,721
Deferred revenue	421,655	358,709
Capital lease obligation (Note 8)	30,261	55,528
Total liabilities	1,794,017	1,780,171
Net assets:		
Unrestricted:		
Undesignated	3,640,933	(67,775)
Buildings and equipment	12,261,794	9,728,822
Total unrestricted net assets	15,902,727	9,661,047
Temporarily restricted	3,950,676	4,658,817
Non-controlling interest in subsidiary	1,265,994	-
Total temporarily restricted net assets (Note 7)	5,216,670	4,658,817
Total net assets	21,119,397	14,319,864
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,913,414</b>	<b>\$ 16,100,035</b>

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

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Consolidated Statements of Activities**

<i>Year Ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Changes in Unrestricted Net Assets</b>		
Support and revenues:		
Grants and contracts	\$ 7,144,329	\$ 6,207,444
United Way allocation	283,940	265,566
Contributions (Note 2)	2,572,367	2,302,892
Fundraising	914,376	914,938
In-kind contributions (Note 4)	6,761,143	5,453,195
Service fees	842,601	676,608
Interest and other	91,979	137,609
Total unrestricted support and revenues	<b>18,610,735</b>	15,958,252
Net assets released from restrictions -- satisfied by payments	<b>2,787,208</b>	491,214
<b>Total support and revenues</b>	<b>21,397,943</b>	16,449,466
<b>Expenses</b>		
Program services:		
Shelter operations	5,215,035	4,956,476
Medical clinic	7,168,020	8,799,375
Dental clinic	1,530,736	1,161,791
Total program services	<b>13,913,791</b>	14,917,642
Supporting services:		
Management and general	796,149	945,529
Fundraising	446,323	336,331
<b>Total expenses</b>	<b>15,156,263</b>	16,199,502
<b>Increase in unrestricted net assets</b>	<b>6,241,680</b>	249,964
<b>Changes in Temporarily Restricted Net Assets</b>		
Capital campaign contributions	2,079,067	1,712,598
Net assets released from restrictions -- satisfied by payments	<b>(2,787,208)</b>	(491,214)
(Decrease) increase in temporarily restricted net assets before non-controlling member contribution to subsidiary	<b>(708,141)</b>	1,221,384
<b>Change in net assets before non-controlling member contribution</b>	<b>5,533,539</b>	1,471,348
Temporarily restricted non-controlling member contribution to subsidiary	<b>1,265,994</b>	-
<b>Change in net assets</b>	<b>\$ 6,799,533</b>	\$ 1,471,348

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

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Consolidated Statements of Changes In Net Assets**

	Unrestricted	Temporarily Restricted	Total
<b>Net assets, June 30, 2015</b>	\$ 9,411,083	\$ 3,437,433	\$ 12,848,516
Support and revenues	15,958,252	1,712,598	17,670,850
Expenses	(16,199,502)	-	(16,199,502)
Net assets released from restrictions -- satisfied by payments	491,214	(491,214)	-
<b>Net assets, June 30, 2016</b>	<b>9,661,047</b>	<b>4,658,817</b>	<b>14,319,864</b>
Support and revenues	18,610,735	2,079,067	20,689,802
Expenses	(15,156,263)	-	(15,156,263)
Net assets released from restrictions -- satisfied by payments	2,787,208	(2,787,208)	-
Non-controlling member contribution to subsidiary	-	1,265,994	1,265,994
<b>Net assets, June 30, 2017</b>	<b>\$ 15,902,727</b>	<b>\$ 5,216,670</b>	<b>\$ 21,119,397</b>

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

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2017

	Program Services			Supporting Services			Total
	Shelter Operations	Medical Clinic	Dental Clinic	Total	Management and General	Fundraising	
Personnel:							
Salaries	\$ 2,380,408	\$ 2,487,352	\$ 989,479	\$ 5,857,239	\$ 237,095	\$ 208,829	\$ 6,303,163
Payroll taxes	180,265	164,325	65,619	410,209	40,490	17,253	467,952
Total salaries and related expenses	2,560,673	2,651,677	1,055,098	6,267,448	277,585	226,082	6,771,115
Advertising	-	-	-	-	14,617	-	14,617
Depreciation	295,989	51,998	51,998	399,985	-	-	399,985
Dues and subscriptions	26	22,974	2,041	25,041	2,235	10,574	37,850
Employee training	11,182	15,716	2,864	29,762	10,003	6,468	46,233
Equipment rental	3,004	9,525	17,687	30,216	38,020	10,434	78,670
In-kind expenses:							
Physicians fees	-	314,271	-	314,271	-	-	314,271
Supplies	-	2,840,578	-	2,840,578	-	-	2,840,578
Food	201,435	-	-	201,435	-	-	201,435
Insurance and benefits	506,544	324,917	134,172	965,633	145,847	20,863	1,132,343
Interest	8,845	8,843	8,843	26,531	-	-	26,531
Licenses	721	18,907	1,921	21,549	2,044	-	23,593
Medical costs	0	190,747	74,815	265,562	-	-	265,562
Meeting expense	10,776	7,371	1,636	19,783	5,652	6,149	31,584
Miscellaneous	77,958	3,043	4,911	85,912	67,214	9,129	162,255
Occupancy	188,941	167,615	63,398	419,954	-	3,365	423,319
Supplies	39,484	23,028	2,595	65,107	10,500	31,432	107,039
Postage and shipping	185	-	10	195	7,466	51,553	59,214
Printing	0	-	-	-	118,222	-	118,222
Professional fees	11,500	353,909	-	365,409	65,020	60,677	491,106
Repairs and maintenance	94,117	111,085	41,605	246,807	-	5,703	252,510
Resident food	155,247	-	-	155,247	-	-	155,247
Resident housing	912,847	-	-	912,847	-	-	912,847
Resident supplies	74,814	22,438	64,531	161,783	-	-	161,783
Telephone	9,532	23,607	0	33,139	31,217	2,910	67,266
Travel	51,215	5,771	2,611	59,597	507	984	61,088
Provision for uncollectible pledges	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 5,215,035</b>	<b>\$ 7,168,020</b>	<b>\$ 1,530,736</b>	<b>\$ 13,913,791</b>	<b>\$ 796,149</b>	<b>\$ 446,323</b>	<b>\$15,156,263</b>

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

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2016

	Program Services			Supporting Services			Total
	Shelter Operations	Medical Clinic	Dental Clinic	Total	Management and General	Fundraising	
Personnel:							
Salaries	\$ 2,183,554	\$ 2,133,430	\$ 710,961	\$ 5,027,945	\$ 290,391	\$ 106,358	\$ 5,424,694
Payroll taxes	169,009	142,987	48,255	360,251	33,864	18,790	412,905
Total salaries and related expenses	2,352,563	2,276,417	759,216	5,388,196	324,255	125,148	5,837,599
Advertising	-	-	-	-	4,774	-	4,774
Depreciation	282,488	49,626	49,626	381,740	-	-	381,740
Dues and subscriptions	563	16,936	1,561	19,060	3,820	6,274	29,154
Employee training	11,248	7,595	1,875	20,718	12,602	7,014	40,334
Equipment rental	7,158	12,936	40	20,134	38,528	8,630	67,292
In-kind expenses:							
Physicians fees	-	187,802	-	187,802	-	-	187,802
Supplies	-	4,908,950	-	4,908,950	-	-	4,908,950
Food	208,878	-	-	208,878	-	-	208,878
Insurance and benefits	499,356	353,056	102,598	955,010	160,029	20,675	1,135,714
Interest	10,440	10,437	10,437	31,314	-	-	31,314
Licenses	193	20,288	2,598	23,079	1,015	-	24,094
Medical costs	7	205,591	35,289	240,887	-	-	240,887
Meeting expense	7,554	23,070	1,825	32,449	7,160	6,057	45,666
Miscellaneous	113,338	3,773	300	117,411	46,967	6,686	171,064
Occupancy	229,190	151,513	49,101	429,804	-	275	430,079
Supplies	51,926	25,104	2,014	79,044	11,875	48,700	139,619
Postage and shipping	182	0	22	204	6,134	48,418	54,756
Printing	175	0	-	175	109,023	-	109,198
Professional fees	12,100	382,657	-	394,757	71,590	55,517	521,864
Repairs and maintenance	94,786	96,086	84,998	275,870	0	1,122	276,992
Resident food	184,805	-	-	184,805	-	-	184,805
Resident housing	726,191	-	-	726,191	-	-	726,191
Resident supplies	111,493	41,382	58,159	211,034	-	-	211,034
Telephone	10,098	18,133	230	28,461	29,603	1,290	59,354
Travel	41,744	8,023	1,902	51,669	154	525	52,348
Provision for uncollectible pledges	-	-	-	-	118,000	-	118,000
	\$ 4,956,476	\$ 8,799,375	\$ 1,161,791	\$ 14,917,642	\$ 945,529	\$ 336,331	\$ 16,199,502

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

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Consolidated Statements of Cash Flows**

<i>Year Ended June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 5,533,539	\$ 1,471,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	399,985	381,740
Decrease (increase) in operating assets:		
Grants and other receivables	(1,311,118)	164,552
Promises to give	434,981	(280,235)
Inventories	(3,408,616)	(159,483)
Other assets	(59,563)	(21,399)
(Decrease) increase in operating liabilities:		
Accounts payable	(30,693)	(109,746)
Accrued expenses	(58,734)	193,921
Deferred revenue	62,946	247,784
<b>Net cash provided by operating activities</b>	<b>1,562,727</b>	<b>1,888,482</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,932,957)	(738,784)
<b>Net cash used for investing activities</b>	<b>(2,932,957)</b>	<b>(738,784)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on notes payable	(134,406)	(127,469)
Borrowings under line of credit	300,000	562,000
Repayments on line of credit	(100,000)	(962,000)
Borrowings from short-term loans	-	400,000
Repayments of short-term loans	-	(650,000)
Principal payments on capital lease obligation	(25,267)	(21,793)
Contributions from non-controlling interests	1,265,994	-
<b>Net cash provided by (used for) financing activities</b>	<b>1,306,321</b>	<b>(799,262)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(63,909)</b>	<b>350,436</b>
Cash and cash equivalents:		
Beginning of year	3,431,321	3,080,885
<b>End of year</b>	<b>\$ 3,367,412</b>	<b>\$ 3,431,321</b>
<b>Reconciliation to Statements of Financial Position:</b>		
Cash and cash equivalents	\$ 22,522	\$ 34,175
Restricted cash	3,344,890	3,397,146
	<b>\$ 3,367,412</b>	<b>\$ 3,431,321</b>

**Supplemental disclosure of cash flow information: See Note 13.**

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

## I.M. Sulzbacher Center for the Homeless, Inc. Notes to Consolidated Financial Statements

### NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

I. M. Sulzbacher Center for the Homeless, Inc. (the "Organization") was incorporated as a nonprofit corporation on March 9, 1994. The purpose of the Organization is to provide the homeless with shelter, meals, medical and dental care and counseling services to achieve self-sufficiency. The Organization's serves Duval County in northeast Florida. The Organization began operating the Center in December 1995. The Organization is supported primarily through donor contributions, grants and contracts. On April 19, 2017, the Organization formed Sulzbacher Village, LLC ("Sulzbacher Village") and Sulzbacher Village Developer, LLC ("Sulzbacher Village Developer"), nonprofit limited liability entities whose sole member is I.M. Sulzbacher Center for the Homeless, Inc. Sulzbacher Village and Sulzbacher Village Developer both are disregarded entities for income tax purposes.

During the year ended June 30, 2017, Sulzbacher Village, LLC, in a partnership with Alden Capital Partners Tax Credit Fund 24, LP ("Alden"), began construction of the Sulzbacher Center for Homeless Women and Children, Ltd. (the "Sulzbacher Center"), a new community for homeless women and families. Upon its expected completion in Spring 2018, the Sulzbacher Center will provide 124 permanent housing units for homeless women and children, accommodating up to 310 people. 70 of these units will be performed under the Low Income Housing Tax Credit (LIHTC) program, which is outlined in Internal Revenue Code Section 42. Under the LIHTC program, Sulzbacher Center was awarded income tax credits totaling \$9,224,920. Approximately 54 additional units will also be constructed to provide short-term emergency housing and medical services for homeless women and children.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and accompanying notes are representations of the Organization's management. Accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

#### *Principles of Consolidation*

Sulzbacher Village, LLC has a 0.01% ownership interest in Sulzbacher Center and Alden has a 99.99% ownership interest. According to the partnership agreement, Sulzbacher Village, LLC is the general partner and Alden is the limited partner. Based upon the terms of the partnership agreement, the general partner is deemed to have controlling interest. As a result, the Organization consolidates the for-profit limited partnership which meets the requirements for consolidation under the Financial Accounting Standards Board Accounting Standards Codification (ASC).

**I.M. Sulzbacher Center for the Homeless, Inc.  
Notes to Consolidated Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The consolidated financial statements include the accounts of I.M. Sulzbacher Center for the Homeless, Inc., Sulzbacher Village, LLC, Sulzbacher Village Developers, LLC, and the for-profit limited partnership, Sulzbacher Center for Women and Children, Ltd. All significant intercompany accounts and transactions have been eliminated in consolidation.

***Cash and Cash Equivalents***

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Financial Statement Presentation***

The consolidated financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities. The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

- ***Unrestricted net assets*** represent resources generated from operations or that are not subject to donor-imposed restrictions.
- ***Temporarily restricted net assets*** consist of contributed funds subject to specific donor-imposed restrictions that will be met by actions of the Organization and/or specific performance of a future event or the passage of time.
- ***Permanently restricted net assets*** are subject to donor-imposed restrictions requiring that the assets be maintained in perpetuity by the Organization. Generally, the donors of permanently restricted assets permit the use of all or part of the income earned on related investments to fund general or specific expenses or purposes.

***Contributions and Promises to Give***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time-restriction ends or a purpose-restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Notes to Consolidated Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Unconditional promises to give are recognized as revenue when the donor commits the gift or pledge. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give. An allowance for uncollectible pledges is provided when, in the opinion of management, collection of pledges is considered doubtful based on such factors as historical losses, existing economic conditions, and the financial stability of its donors. At June 30, 2017 and 2016, an allowance for uncollectible pledges of \$135,000 and \$145,000, respectively, was recorded.

***Inventories***

Inventories, representing pharmaceutical drugs and related health and dental supplies, are stated at the lower of cost or market determined by the first-in, first-out method.

***Property and Equipment***

The Organization capitalizes all expenditures for property, equipment and improvements in excess of \$1,000. Purchased property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets. Ordinary repairs and maintenance are charged to expense when incurred. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets at that time.

The Organization evaluates the carrying value of its long-lived assets for impairment. Recoverability is measured by the expected undiscounted future cash flows of the assets compared to their net book value. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is charged to current earnings. Fair value is based on discounted cash flows of the assets at a rate determined to be reasonable for the type of asset and prevailing market conditions, appraisals, and, if appropriate, current estimated net sales proceeds from pending offers. The Organization evaluates the carrying value based on its present plans for the long-lived assets. No impairments were recognized during the years ended June 30, 2017 or 2016.

**I.M. Sulzbacher Center for the Homeless, Inc.  
Notes to Consolidated Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Income Taxes***

I.M. Sulzbacher Center for the Homeless, Inc., Sulzbacher Village, LLC, and Sulzbacher Village Developers, LLC are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are not private foundations. Sulzbacher Center is a for-profit limited partnership and files an annual partnership tax return. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

I.M. Sulzbacher Center for the Homeless, Inc. (including its wholly-owned subsidiaries) annually files a federal *Return of Organization Exempt from Income Tax* (Form 990). Sulzbacher Center annually files *U.S. Return of Partnership Income* (Form 1065). Both returns are subject to examination by the Internal Revenue Service (IRS) generally for three years after being filed. Tax returns for fiscal years 2014 through 2016 remain open to examination by the IRS.

***Functional Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Contributed Supplies and Services***

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment (See Note 4).

Additionally, a substantial number of unpaid volunteers donate significant amounts of their time to the Organization's fundraising campaigns and program activities. No amounts have been reflected in the financial statements for such contributed services since these services did not create or enhance non-financial assets or require specialized skills. During the years ended June 30, 2017 and 2016, volunteers contributed approximately 22,900 and 22,400 hours, respectively.

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Notes to Consolidated Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Use of Estimates***

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3: PROPERTY AND EQUIPMENT, INCLUDING ASSETS UNDER CAPITAL LEASE**

Property and equipment are summarized as follows:

<i>June 30,</i>	Estimated Useful Life	2017	2016
<b>Assets under capital lease:</b>			
Land	-	\$ 556,448	\$ 556,448
Building and improvements	45	1,835,552	1,835,552
Equipment	10	185,322	185,322
Total assets under capital lease		<b>2,577,322</b>	<b>2,577,322</b>
Land improvements	45	615,139	615,139
Equipment and furniture	5-10	1,902,593	1,907,052
Buildings and improvements	45	8,286,590	8,272,073
Leasehold improvements	45	288,702	288,702
Construction in progress	-	3,553,664	652,374
		<b>17,224,010</b>	<b>14,312,662</b>
Less accumulated depreciation		<b>(4,962,216)</b>	<b>(4,583,840)</b>
<b>Total property and equipment, including capital leased assets</b>		<b>\$ 12,261,794</b>	<b>\$ 9,728,822</b>

Depreciation expense totaled \$399,985 and \$381,740 for the years ended June 30, 2017 and 2016, respectively.

Construction in progress at June 30, 2017 includes \$3,293,720 of costs incurred to date on the new Sulzbacher Center facility (Note 1) and \$259,944 of certain improvements being made to the existing homeless shelter.

The Organization leases its facility for \$10 a year from the City of Jacksonville under a thirty-five year lease with two five-year renewal options. The lease qualifies as a capital lease since the economic substance is that the lease term is substantially equal to the facility's estimated useful life and the City of Jacksonville has contributed the facility through the reduced rent provisions. A summary of capitalized leased assets at June 30, 2017 and 2016 is reflected above.

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Notes to Consolidated Financial Statements**

**NOTE 4: DONATED SUPPLIES AND SERVICES**

The estimated fair value of donated supplies and services included in the financial statements are as follows:

<i>Year Ended June 30,</i>	<b>2017</b>	<b>2016</b>
Pharmaceutical drugs and supplies	<b>\$ 6,446,872</b>	\$ 5,265,393
Doctors, nurses, pharmacists and support staff	<b>314,271</b>	187,802
<b>Total donated supplies and services</b>	<b>\$ 6,761,143</b>	<b>\$ 5,453,195</b>

During the year ended June 30, 2016, a new software system was implemented that enabled the recording and tracking of pharmaceutical drugs and supplies. The Organization receives a significant amount of drugs and supplies that are donated in-kind by various pharmaceutical companies.

**NOTE 5: PROMISES TO GIVE**

Promises to give primarily represent pledges related to the capital campaign underway for the Sulzbacher Village, an additional campus being constructed for homeless women and families. Construction of the new facility began in the fall of 2016, and the Organization expects the facility to be fully completed and operational in Spring 2018. The pledges are considered to be temporarily restricted since the contributions will provide support for future capital improvements. Promises to give which are receivable from donors in more than one year are discounted at rate of 5%.

Promises to give are summarized as follows:

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
Receivable in less than one year	<b>\$ 397,600</b>	\$ 29,820
Receivable in one to five years	<b>712,375</b>	1,559,630
Total unconditional promises to give	<b>1,109,975</b>	1,589,450
Less allowance for doubtful accounts	<b>(135,000)</b>	(145,000)
Less discount to net present value	<b>(103,195)</b>	(137,689)
<b>Net unconditional promises to give</b>	<b>\$ 871,780</b>	<b>\$ 1,306,761</b>

**I.M. Sulzbacher Center for the Homeless, Inc.  
Notes to Consolidated Financial Statements**

**NOTE 6: NOTES PAYABLE**

Notes payable are summarized as follows:

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
Unsecured note payable to bank, due in monthly installments of \$5,415, including interest at 4.72%; maturity date May 3, 2017	\$ -	\$ 58,183
\$500,000 revolving line of credit with bank; interest payable monthly at bank's prime rate; unpaid balance due at maturity on July 5, 2018; collateralized by all accounts receivable, inventory, goods, general intangibles, supporting obligations, and all proceeds (cash and noncash) and products of the the Organization	<b>200,000</b>	-
Unsecured note payable to bank, due in monthly installments of \$7,434, including interest at 4.29%; maturity date July 5, 2020	<b>256,912</b>	333,135
<b>Total notes payable</b>	<b>\$ 456,912</b>	<b>\$ 391,318</b>

Interest expense totaled \$26,531 and \$25,592 for the years ended June 30, 2017 and 2016, respectively.

The following is a schedule of estimated minimum debt maturities for the fiscal years succeeding June 30, 2017:

<i>Year Ending June 30,</i>	<i>Amount</i>
2018	\$ 279,285
2019	82,754
2020	86,375
2021	8,498
2022	
<b>Total</b>	<b>\$ 456,912</b>

***SAIL Loan - Florida Housing Finance Corporation***

On May 5, 2017, the Organization entered into a \$3,500,000 construction loan agreement with the Florida Housing Finance Corporation to finance certain costs of the new homeless residential development (Sulzbacher Center). The note is non-interest bearing and matures May 5, 2057. During the term of the loan, the Organization is required to fund a replacement reserve equal to \$300 per unit, per year.

**I.M. Sulzbacher Center for the Homeless, Inc.  
Notes to Consolidated Financial Statements**

**NOTE 6: NOTES PAYABLE (continued)**

Additionally, under the terms of the loan agreement, there is a requirement to prefund an operating subsidy reserve equal to 5% of the developer fee and an operating deferred reserve equal to \$2,223,389. There were no outstanding borrowings under the loan at June 30, 2017.

**NOTE 7: RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of restricted cash, grants receivable, and promises to give available for the following purposes:

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
Sulzbacher Center construction costs	<b>\$ 5,216,670</b>	<b>\$ 4,658,817</b>

There were no permanently restricted net assets at June 30, 2017 and 2016.

**NOTE 8: LEASE COMMITMENTS**

The Organization has a capital lease agreement for computer equipment which requires monthly payments of \$2,494 through July 31, 2018. The Organization also leases various office equipment and office space under non-cancellable operating lease agreements expiring in various years through 2022. Rent expense incurred under operating leases totaled \$86,035 and \$78,473 for the years ended June 30, 2017 and 2016, respectively.

The following summarizes future minimum lease payments under non-cancellable operating and capital leases for years succeeding June 30, 2017:

<i>Year Ending June 30,</i>	<b>Operating Leases</b>	<b>Capital Leases</b>
2018	\$ 111,796	\$ 29,931
2019	62,550	2,494
2020	34,448	-
2021	34,449	-
2022	7,717	-
Total minimum lease payments	250,960	32,425
Less amounts representing interest	-	(2,164)
Present value of minimum lease payments	<b>\$ 250,960</b>	<b>\$ 30,261</b>

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Notes to Consolidated Financial Statements**

**NOTE 9: RETIREMENT PLAN**

The Organization maintains a tax-deferred retirement plan qualified under Section 403(b) of the Internal Revenue Code. The Organization contributes up to a 5% match to each employee's deferral contribution. Plan expense totaled \$109,950 and \$118,672 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 10: COMMUNITY FOUNDATION FOR NORTHEAST FLORIDA, INC. DONOR-ADVISED FUND**

The Organization may receive certain distributions from The Community Foundation for Northeast Florida, Inc. (the "Foundation"), a nonprofit charitable foundation, related to a donor-advised fund established for the potential benefit of the Organization. In accordance with its policy for donor-advised grants, the Foundation may use the assets in a donor-advised fund only for religious, charitable, scientific, literary and educational purposes in furtherance of the charitable intent of the donor and the purposes of the Foundation, as set forth in its articles of incorporation and by-laws. The donor may make distributive recommendations to the Foundation; however, the Foundation maintains full discretion as to distributions from the fund to the Organization. Distributions totaling \$43,543 and \$43,939 were made for the years ended June 30, 2017 and 2016, respectively, which are recorded as contributions revenue in the consolidated statements of activities.

**NOTE 11: CONCENTRATIONS OF CREDIT RISK**

Financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivable. The Organization maintains its cash in bank deposits and money market accounts. At times, cash balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insured limits which provides for full deposit coverage for noninterest-bearing accounts and insures up to \$250,000 for each interest-bearing deposit account. The Organization maintains all of its cash investments with high-credit, quality financial institutions. The Organization had \$3,117,412 in excess of FDIC-insured limits at June 30, 2017. Management does not believe there is any significant credit risk relative to these deposits.

Concentrations of credit risk with respect to pledges receivable is generally limited due to the large number of contributors comprising the Organization's donor base. However, at June 30, 2017, two donors accounted for 83% of total pledges receivable. Pledges outstanding from two donors represented approximately 82% of total pledges receivable at June 30, 2016. Management does not believe there is any significant credit risk relative to these receivables.

The Organization received approximately 47% and 46% of its grant support through the U.S. Department of Health and Human Services Health Center Program for the years ended June 30, 2017 and 2016, respectively. Consequently, any changes in government funding levels in future periods could significantly impact the consolidated financial position and operations of the Organization.

**I.M. Sulzbacher Center for the Homeless, Inc.**  
**Notes to Consolidated Financial Statements**

**NOTE 12: CONTINGENCIES**

Grants and contracts require the fulfillment of certain conditions set forth in the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the possibility remains, management deems the contingency remote, as by accepting awards and their returns, it has accommodated the objectives of the Organization to the provisions of the grant.

The Organization, in the normal course of business, is subject to claims and litigation. Although the ultimate disposition of these matters cannot be predicted with certainty, it is the present opinion of the Organization's management that the outcome of any current litigation will not have a material effect on the consolidated financial condition of the Organization.

**NOTE 13: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

***Noncash Investing and Financing Activities***

During the year ended June 30, 2016, the Organization incurred a capital lease obligation of \$77,322 in connection with the lease of computer equipment.

***Supplemental Cash Flow Disclosure***

Cash paid in interest totaled \$24,923 and \$32,716 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 14: SUBSEQUENT EVENTS**

***Contribution Receivable for the Use of Land***

On February 2, 2015, the Organization entered into a land lease agreement with Wesley Fellowship, Inc., a nonprofit religious organization, for a term of sixty-five years. The tenant's obligation to pay rent does not commence until the tenant closes on the final component of the construction financing, which was subsequent to June 30, 2017. The agreement calls for an annual lease payment of \$1 during the term of the lease. In accordance with generally accepted accounting principles, the Organization will recognize contribution revenue equal to the difference between the fair rental value of the property and the lease payment amounts, not to exceed the fair value of the asset.

Management has evaluated other subsequent events through November 9, 2017, the date which the financial statements were available to be issued.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors  
I.M. Sulzbacher Center for the Homeless, 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 I.M. Sulzbacher Center for the Homeless, Inc. (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2017, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 9, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered I.M. Sulzbacher Center for the Homeless, 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 I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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.

The Board of Directors  
I.M. Sulzbacher Center for the Homeless, Inc.  
November 9, 2017  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether I.M. Sulzbacher Center for the Homeless, 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 the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Caru, Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
November 9, 2017



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

To the Board of Directors  
I.M. Sulzbacher Center for the Homeless, Inc. and Subsidiaries

**Report on Compliance for Each Major Federal Program and State Project**

We have audited I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' major federal programs and state projects for the year ended June 30, 2017. I.M. Sulzbacher Center for the Homeless, 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.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Those standards, the *Uniform Guidance* and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

The Board of Directors  
I.M. Sulzbacher Center for the Homeless, Inc.  
November 9, 2017  
Page Two

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' compliance.

### **Opinion on Each Major Federal Program and State Project**

In our opinion, I.M. Sulzbacher Center for the Homeless, 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 June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 federal program or 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.

The Board of Directors  
I.M. Sulzbacher Center for the Homeless, Inc.  
November 9, 2017  
Page Three

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance* and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Caru, Riggs & Ingram, L.L.C.*

Jacksonville, Florida  
November 9, 2017

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Programs and State Projects**

**Section A - Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the financial statements of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs and state projects.
5. The auditor's report on compliance for the major federal award programs and state projects for I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries expresses an unmodified opinion on all major federal programs and state projects.
6. There were no reportable audit findings relative to the major federal award programs or state projects for I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries.
7. The program tested as a major program for federal programs was:  
    U. S. Department of Health and Human Services:  
    Health Center Program - CFDA #93.224
8. The program tested as a major program for state projects was:  
    State of Florida, Department of Economic Opportunity:  
    Division of Community Development - CSFA #40.038
9. Determination of Type A programs were defined as programs with total federal expenditures greater than \$750,000 and total state expenditures greater than \$300,000 for the year under audit. All other programs were defined as Type B programs.
10. I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries was determined to be a low-risk auditee for its federal programs pursuant to the *Uniform Guidance*.
11. A management letter was not required under Section 215.97 of the Florida Single Audit Act because there were no findings required to be reported in the management letter; additionally, a *Summary Schedule of Prior Audit Findings* as well as a corrective action plan were not required since there were no prior audit findings related to federal programs or state projects.

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Findings and Questioned Costs -**  
**Federal Programs and State Projects**

**Section B - Findings - Financial Statement Audit**

None - as stated in Section A above.

**Section C - Findings and Questioned Costs - Major Federal Award Programs and State Projects**  
**Audit**

None - as stated in Section A above.

***SUPPLEMENTARY INFORMATION***

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended June 30, 2017**

<i>Federal Grantor/Pass-through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Direct programs:</b>			
Supportive Housing Program	14.235		\$ 193,475
Continuum of Care Program	14.267		576,920
Housing Opportunities for Persons with AIDS	14.241		386,308
<b>Pass-through program from:</b>			
City of Jacksonville:			
Emergency Solutions Grant Program	14.231	7047-95/E16UC120006	189,394
Emergency Solutions Grant Program	14.231	7047-88/E15UC120006	15,382
Total Emergency Solutions Grant Program			204,776
Ability Housing of Northeast Florida, Inc.:			
Continuum of Care Program	14.267	n/a	141,570
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Direct programs:</b>			
Consolidated Health Centers	93.224		3,385,074
<b>Pass-through programs from:</b>			
Lutheran Services Florida, Inc.:			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	LS039	99,633
<b><u>U.S. Department of Agriculture</u></b>			
<b>Pass-through program from:</b>			
State of Florida Department of Health:			
Child and Adult Care Food Program	10.558	H-1212	58,399
<b><u>Department of Homeland Security</u></b>			
<b>Direct program:</b>			
Emergency Food and Shelter National Board Program	97.024		83,455
<b><u>U.S. Department of Veterans Affairs</u></b>			
<b>Pass-through program from:</b>			
Changing Homelessness, Inc.:			
VA Supportive Services for Veteran Families Program	64.033	15-FL-186	108,582
VA Supportive Services for Veteran Families Program	64.033	15-FL-510A	245,854
Total VA Supportive Services for Veteran Families Program			354,436
<b>Total expenditures of federal awards</b>			<b>\$ 5,484,046</b>

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended June 30, 2017**

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>State Expenditures</u>
<b>State of Florida, Department of Economic Opportunity</b>			
<b>Direct program:</b>			
Division of Community Development	40.038		\$ 1,000,000
<b>State of Florida, Department of Children and Families</b>			
<b>Pass-through program from:</b>			
Changing Homelessness, Inc.:			
Homeless Challenge Grant	60.014	DPZ26	24,557
<b>Total expenditures of state financial assistance</b>			<b>\$ 1,024,557</b>

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2017**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award activity and state grant activity of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries under programs of the federal and state government for the year ended June 30, 2017. 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 I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries, it is not intended to and does not present the consolidated financial position, consolidated statement of changes in net assets, or consolidated statements of cash flows of I.M. Sulzbacher Center for the Homeless, Inc. and subsidiaries.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: INDIRECT COST RATE**

I.M. Sulzbacher Center for the Homeless, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the *Uniform Guidance*.

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Source and Expenditures of City of Jacksonville Grant Funds**  
**Year Ended June 30, 2017**

**City of Jacksonville - Public Service Grant:**

**Receipt of City Funds**

Grant Number	<u>7047-87</u>	<u>7047-93</u>	<u>7047-94</u>
Grant Period	<u>10/1/15 – 9/30/16</u>	<u>10/1/16 – 9/30/17</u>	<u>10/1/16 – 9/30/17</u>
Amount of award	\$ 125,000	\$ 150,000	\$ 50,000
Funds received – prior period	(75,528)	-	-
Funds received – current period	(49,472)	(66,420)	(13,110)
Due from City	-	(50,184)	(18,159)
Remaining balance	<u>\$ -</u>	<u>\$ 33,396</u>	<u>\$ 18,731</u>

**Expenditure of Funds**

**Grant Number 7047-87:**

Budget Item	Budget	<u>Actual</u>	<u>Actual</u>	Total	Remaining Balance
		10/1/15- 6/30/16	7/1/16- 9/30/16		
Salaries	\$ 125,000	\$ 95,629	\$ 29,371	\$ 125,000	\$ -
Total	<u>\$ 125,000</u>	<u>\$ 95,629</u>	<u>\$ 29,371</u>	<u>\$ 125,000</u>	<u>\$ -</u>

**Grant Number 7047-93:**

Budget Item	Budget	<u>Actual</u>	<u>Actual</u>	Total	Remaining Balance
		10/1/16- 6/30/17	7/1/17- 9/30/17		
Salaries	\$ 150,000	\$ 116,604	\$ -	\$ 116,604	\$ 33,396
Total	<u>\$ 150,000</u>	<u>\$ 116,604</u>	<u>\$ -</u>	<u>\$ 116,604</u>	<u>\$ 33,396</u>

**Grant Number 7047-94:**

Budget Item	Budget	<u>Actual</u>	<u>Actual</u>	Total	Remaining Balance
		10/1/16- 6/30/17	7/1/17- 9/30/17		
Client food and distribution costs	\$ 50,000	\$ 31,269	\$ -	\$ 31,269	\$ 18,731
Total	<u>\$ 50,000</u>	<u>\$ 31,269</u>	<u>\$ -</u>	<u>\$ 31,269</u>	<u>\$ 18,731</u>

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Source and Expenditures of City of Jacksonville Grant Funds**  
**Year Ended June 30, 2017**

**City of Jacksonville - Early Childhood Development Services for the Homeless Children:**

**Receipt of City Funds**

Grant Number	<u>7047-85</u>	<u>7047-90</u>
Grant Period	<u>7/1/15 – 6/30/16</u>	<u>7/1/16 – 6/30/17</u>
Amount of award	\$ 44,360	\$ 44,360
Funds received – prior period	(34,233)	-
Funds received – current period	(10,127)	(34,408)
Due from City	<u>-</u>	<u>(8,078)</u>
Remaining balance	<u>\$ -</u>	<u>\$ 1,874</u>

**Expenditure of City Funds**

**Grant Number 7047-85:**

<u>Budget Item</u>	<u>Budget</u>	<u>Actual</u> 7/1/15- 9/30/15	<u>Actual</u> 10/1/15- 6/30/16	<u>Total</u>	<u>Remaining</u> <u>Balance</u>
Salaries and benefits	\$ 40,105	\$ 10,869	\$ 29,236	\$ 40,105	\$ -
Training and programming	4,255	-	4,255	4,255	-
Total	<u>\$ 44,360</u>	<u>\$ 10,869</u>	<u>\$ 33,491</u>	<u>\$ 44,360</u>	<u>\$ -</u>

**Grant Number 7047-90:**

<u>Budget Item</u>	<u>Budget</u>	<u>Actual</u> 7/1/16- 9/30/16	<u>Actual</u> 10/1/16- 6/30/17	<u>Total</u>	<u>Remaining</u> <u>Balance</u>
Salaries and benefits	\$ 40,105	\$ 10,666	\$ 28,252	\$ 38,918	\$ 1,187
Conferences and workshops	1,000	-	495	495	505
Recreational activities - children's programs	3,255	-	3,073	3,073	182
Total	<u>\$ 44,360</u>	<u>\$ 10,666</u>	<u>\$ 31,820</u>	<u>\$ 42,486</u>	<u>\$ 1,874</u>

**I.M. SULZBACHER CENTER FOR THE HOMELESS, INC.**  
**Schedule of Source and Expenditures of City of Jacksonville Grant Funds**  
**Year Ended June 30, 2017**

***City of Jacksonville - Employment and Training Services to Homeless Veterans:***

**Receipt of City Funds**

Grant Number	<b><u>7047-89</u></b>
Grant Period	<b><u>1/15/16 - 6/30/16</u></b>
Amount of award	\$ 28,000
Funds received – prior period	(23,333)
Funds received – current period	(4,667)
Due from City	<u>-</u>
Remaining balance	<u>\$ -</u>

**Expenditure of Funds**

***Grant Number 7047-89:***

<u>Budget Item</u>	<u>Budget</u>	<u>Actual</u> 1/15/16- 6/30/16	<u>Actual</u> 7/1/16- 9/30/16	<u>Total</u>	<u>Remaining</u> <u>Balance</u>
Salaries and benefits	\$ 28,000	\$ 28,000	\$ -	\$ 28,000	\$ -
Total	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ -</u>