

**United States Veterans Initiative
and Subsidiaries**

Consolidated Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

June 30, 2022
(With Comparative Totals for 2021)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United States Veterans Initiative and Subsidiaries
Los Angeles, California

Opinion

We have audited the accompanying consolidated financial statements of United States Veterans Initiative and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Veterans Initiative and Subsidiaries as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 United States Veterans Initiative 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 opinion.

Report on Summarized Comparative Information

We have previously audited United States Veterans Initiative's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 United States Veterans Initiative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Veterans Initiative's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 29 - 34 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards, 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* is presented for purposes 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 December 13, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Armanino^{LLP}
Los Angeles, California

December 13, 2022

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 12,028,791	\$ 6,002,289
Accounts receivable	10,416,862	10,591,574
Pledges receivable (Note 3)	1,901,457	2,748,579
Prepaid expenses and other assets (Notes 4 and 9)	1,227,953	1,069,112
Notes receivable	1,491,717	1,713,331
Property and equipment, net (Note 5)	23,995,602	16,993,639
Total assets	\$ 51,062,382	\$ 39,118,524
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 9,338,560	\$ 8,566,158
Line of credit (Note 8)	3,000,000	1,500,000
Contract liabilities (Note 2)	1,657,291	1,307,881
Other deferred liability (Note 13)	52,661	141,811
Capital leases (Note 12)	495,405	706,006
Forgivable debt (Note 9)	1,900,000	-
Note payable (Paycheck Protection Program) (Note 10)	-	2,041,897
Conditional promises to give (Note 11)	583,000	5,559,408
Total liabilities	17,026,917	19,823,161
Net assets		
Without donor restrictions	18,827,113	10,542,361
With donor restrictions (Note 15)	15,208,352	8,753,002
Total net assets	34,035,465	19,295,363
Total liabilities and net assets	\$ 51,062,382	\$ 39,118,524

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues, gains and other support				
Grant and contract revenue	\$ 65,361,277	\$ -	\$ 65,361,277	\$ 67,149,600
Contributions	10,725,825	12,630,367	23,356,192	8,550,673
United Way of CFC contributions	598,024	-	598,024	79,690
In-kind contributions (Note 14)	342,403	-	342,403	832,643
Program service fees	1,637,317	-	1,637,317	1,911,908
Rent income	2,357,723	-	2,357,723	2,351,594
Other revenue	959,025	-	959,025	1,703,448
Gross profit on gross sales	105,895	-	105,895	104,219
Net assets released from restriction	6,175,017	(6,175,017)	-	-
Total revenues, gains and other support	<u>88,262,506</u>	<u>6,455,350</u>	<u>94,717,856</u>	<u>82,683,775</u>
Functional expenses				
Program services	66,824,008	-	66,824,008	67,226,908
Support services				
Management and general	10,087,030	-	10,087,030	9,054,939
Fund development	2,957,463	-	2,957,463	2,366,201
Total support services	13,044,493	-	13,044,493	11,421,140
Total functional expenses	<u>79,868,501</u>	<u>-</u>	<u>79,868,501</u>	<u>78,648,048</u>
Change in net assets from operations	<u>8,394,005</u>	<u>6,455,350</u>	<u>14,849,355</u>	<u>4,035,727</u>
Non-operating				
Losses on disposals of property and equipment	109,253	-	109,253	-
Property and equipment impairment losses	-	-	-	158,375
Total non-operating	<u>109,253</u>	<u>-</u>	<u>109,253</u>	<u>158,375</u>
Change in net assets	8,284,752	6,455,350	14,740,102	3,877,352
Net assets, beginning of year	<u>10,542,361</u>	<u>8,753,002</u>	<u>19,295,363</u>	<u>15,418,011</u>
Net assets, end of year	<u>\$ 18,827,113</u>	<u>\$ 15,208,352</u>	<u>\$ 34,035,465</u>	<u>\$ 19,295,363</u>

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services	Management and General	Fund Development	2022 Total	2021 Total
Personnel expenses					
Salaries and wages	\$ 19,212,605	\$ 5,088,399	\$ 1,040,353	\$ 25,341,357	\$ 23,908,638
Paid time off (PTO)	2,684,812	520,577	131,613	3,337,002	2,574,911
Payroll taxes and benefits	5,294,471	1,264,068	269,174	6,827,713	6,389,923
Total personnel expenses	<u>27,191,888</u>	<u>6,873,044</u>	<u>1,441,140</u>	<u>35,506,072</u>	<u>32,873,472</u>
Accounting fees	20	123,190	-	123,210	106,770
Amortization	-	178,333	-	178,333	246,334
Bad debt expense	30,935	-	-	30,935	37,409
Bank and credit card fees	24,360	43,874	23,612	91,846	88,142
Bus passes	58,835	7,772	-	66,607	63,274
Conferences and meetings	65,557	16,146	25,043	106,746	51,027
Consulting fees	767,734	226,760	365,276	1,359,770	1,437,275
Consultants - IT	7,667	676,719	17,612	701,998	519,966
Contributions	500,000	-	-	500,000	-
Depreciation	770,967	165,192	277,420	1,213,579	1,080,907
Dues and subscriptions	109,728	101,288	45,541	256,557	198,932
Equipment rental	203,712	21,989	5,239	230,940	231,099
Evaluation and monitoring	93,697	127	270	94,094	129,172
In-kind cost	324,542	-	17,861	342,403	332,643
Insurance	1,026,290	15,393	26,372	1,068,055	859,635
Interest expense	32,382	53,182	-	85,564	83,148
Legal fees	817	497,287	-	498,104	242,750
Licenses	205,254	72,219	1,772	279,245	243,193
Maintenance and repairs	1,078,855	14,246	36,896	1,129,997	1,104,599
Meals and entertainment	3,099,960	316	54,641	3,154,917	2,527,711
Mileage	27,153	516	2,117	29,786	28,394
Miscellaneous	45,371	14,401	13,049	72,821	39,373
Office expense	566,396	51,728	49,019	667,143	657,497
Organizational (CORP) expense	7	13,665	16	13,688	11,017
Parking and other occupancy	355,183	61,682	8,196	425,061	288,371
Penalties	890	2,275	-	3,165	1,323
Printing and copying	17,534	1,631	23,054	42,219	43,968
Program supplies	2,661,896	2,062	71,014	2,734,972	2,922,097
Promotional expenses	29,655	-	59,807	89,462	66,296
Property management fees	76,210	-	-	76,210	74,218
Property taxes	2,451	167	30	2,648	3,142
Real estate taxes	7,897	-	-	7,897	10,471
Recruiting fees	79,268	267,367	3,542	350,177	187,434
Shipping and postage	22,368	28,082	5,760	56,210	53,585
Space cost (rent)	10,111,336	319,908	47,274	10,478,518	10,194,472
Special events	32,119	585	221,811	254,515	106,429
Subcontractor expense	2,947,606	-	902	2,948,508	3,521,654
Telephone - cellular	327,500	24,740	12,054	364,294	279,685
Telephone - landline	286,725	32,299	9,411	328,435	448,292
Temporary financial assistance	10,282,350	-	12,417	10,294,767	14,176,777
Temporary help	1,252,297	5,134	8,284	1,265,715	1,273,062
Training - clients	321,710	-	1,000	322,710	215,303
Training - staff	149,786	8,215	11,065	169,066	158,021
Travel	80,266	163,580	29,082	272,928	77,597
Uniforms	154,770	1,027	11,777	167,574	90,499
Utilities	1,044,132	889	17,109	1,062,130	943,606
Vehicle expense	347,932	-	978	348,910	318,007
Total 2022 functional expenses	<u>\$ 66,824,008</u>	<u>\$ 10,087,030</u>	<u>\$ 2,957,463</u>	<u>\$ 79,868,501</u>	
Total 2021 functional expenses	<u>\$ 67,226,908</u>	<u>\$ 9,054,939</u>	<u>\$ 2,366,201</u>		<u>\$ 78,648,048</u>

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 14,740,102	\$ 3,877,352
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Losses on sale of property and equipment	109,253	-
Depreciation	1,213,579	1,081,315
Amortization of notes receivable	178,333	246,333
Capitalized interest	-	17,970
Impairment loss	-	158,375
Loan forgiveness, net	-	(1,216,803)
Contributions received for capital projects	(6,996,632)	(1,888,748)
Changes in operating assets and liabilities		
Accounts receivable	174,712	(1,939,728)
Pledges receivable	847,122	(2,032,411)
Prepaid expenses and other assets	(158,841)	(71,795)
Accounts payable and accrued liabilities	772,402	193,739
Contract liabilities	349,410	496,618
Other deferred liability	(89,150)	50,850
Conditional promises to give	<u>(7,457,996)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>3,682,294</u>	<u>(1,026,933)</u>
Cash flows from investing activities		
Collection of principal on note receivable	96,614	91,016
Purchases of property and equipment	(6,071,540)	(4,067,191)
Proceeds from sale of property and equipment	<u>175,000</u>	<u>173,749</u>
Net cash used in investing activities	<u>(5,799,926)</u>	<u>(3,802,426)</u>
Cash flows from financing activities		
Principal payments on note payable (Paycheck Protection Program)	(2,041,897)	(96,000)
Payments on capital lease	(210,601)	(149,884)
Borrowings under line of credit	4,750,000	6,200,000
Payments on line of credit	(3,250,000)	(5,700,000)
Proceeds from forgivable debt	1,900,000	-
Contributions received for capital projects	<u>6,996,632</u>	<u>1,888,748</u>
Net cash provided by financing activities	<u>8,144,134</u>	<u>2,142,864</u>
Net increase (decrease) in cash and cash equivalents	6,026,502	(2,686,495)
Cash and cash equivalents, beginning of year	<u>6,002,289</u>	<u>8,688,784</u>
Cash and cash equivalents, end of year	<u>\$ 12,028,791</u>	<u>\$ 6,002,289</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 85,564	\$ 65,179
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The accompanying notes are an integral part of these consolidated financial statements.

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>		<u>2021</u>
Supplemental schedule of noncash investing and financing activities			
Receipt of land and building for development	\$ 2,481,588	\$	3,894,125
Acquisition of property and equipment under capital lease arrangements	\$ -	\$	196,782

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION

United States Veterans Initiative ("U.S. VETS"), founded in 1992, is a nonprofit corporation organized under the nonprofit public benefit laws of the state of California. U.S. VETS provides supportive services and housing for veterans of the United States Armed Forces and their families. U.S.VETS has 33 residential sites and service centers across 5 states, and the District of Columbia. U.S.VETS has supporting organizations incorporated in Arizona and Texas. U.S.VETS Housing Corporation functions as the parent organization of U.S.VETS' Limited Liability Corporations for affordable housing development projects and is consolidated into the original United States Veterans Initiative corporation for financial reporting purposes.

Programs

During the year ended June 30, 2022, U.S.VETS provided the following program services:

Veterans in Progress ("VIP") program provides transitional housing and supportive services to veterans experiencing homelessness within a therapeutic community environment with the goal of transitioning them to permanent housing as rapidly as appropriate. VIP offers Clinical Treatment, Bridge Housing, Low Demand, Hospital to Housing, and Service Intensive Transitional Housing models which also incorporate specialized services for veteran sub-populations to include the ADVANCE Women's Program.

Aftercare Program provides case management services to improve the retention of housing by veterans who were previously homeless and are transitioning to permanent housing or at risk of becoming homeless.

Bridge Housing is transitional housing that is intended to be a short-term stay as part of the transition to a permanent housing destination.

Business Services is an on-site store developed with a goal to provide employment opportunities and sell convenience items to residents. The store is a social enterprise project which is designed to create revenue to support programs.

Career Development Initiative provides career placement assistance to unemployed and underemployed veterans with a focus on Iraq and Afghanistan veterans through targeted business development across industry sectors, training/certification assistance, and building linkages with employers and hiring initiatives.

CHAMPS ("Chronically Homeless Aspiring for Maintenance Program") is a Permanent Supportive Housing program providing rental assistance subsidies and supportive services to veterans who qualify as chronically homeless and have a medically-certified disability.

Development - Site, program, and fund development activities are designed to measure and evaluate funding trends and the changing needs of veterans to determine the need for program modifications or development of new programs, along with seeking funding opportunities to support the programs.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION (continued)

Emergency Beds provide emergency and temporary housing to veterans and individuals experiencing homelessness, primarily those residing in crisis/bridge, safe haven, respite, or emergency beds.

Health Services provides healthcare services to veterans who are eligible for insurance billing.

HOPTTEL provides temporary housing to veterans receiving VA health care services.

Long-Term Supportive Housing is provided to veterans who are directly renting and not in need of a structured program but continue to benefit from services whether they live on-site or within the community.

Mental Health/Women Vets on Point is an early-intervention and prevention program that seeks to identify veterans and family members in our communities who are in need of a variety of mental health services. Women Vets on Point focuses on digital outreach through a website and social media platforms to reach and provide mental health care and other services to female veterans who may not be reached through traditional field outreach methods.

Outside the Wire is an early-intervention and prevention program providing mental health services to veterans who are college students and their families. U.S.VETS also provides clinical supervision to graduate and post-graduate interns, building a workforce of clinicians experienced in veteran care.

Outreach Program - U.S.VETS conducts outreach throughout all the communities where the agency is located with specific outreach programs funded in some locations. Through outreach, veterans and other individuals in need are connected to services through referrals to U.S.VETS and other community programs.

Peer Support Program - U.S.VETS facilitates peer support activities within all its programs. A Vet2Peer Program provides veterans training through a formalized peer support certification program to increase skills and employability in peer mentoring.

Permanent Housing Program provides rental assistance or leasing subsidies and supportive services to veterans who have been homeless and have a medically certified disability.

Rapid Re-housing assists veterans and their families regain and maintain housing by providing services and temporary housing and/or financial assistance until the household can secure and maintain stable housing.

Supportive Services for Veteran Families program provides rapid re-housing and homeless prevention services to veteran families with low income through outreach, case management, and other supportive services as well as temporary financial assistance to help veteran families stay in or acquire permanent housing.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION (continued)

Substance Abuse and Parolee Program provides transitional housing and case management services to veterans on parole who are in need of housing and continued sobriety support.

Shelter Plus Care Program provides housing and rental assistance subsidies to veterans who have been homeless and have a medically-certified disability.

Special Needs Program is an initiative funded through the VA designated to provide expanded services to the targeted veteran populations experiencing homelessness including female veterans and veterans with serious and persistent mental illness.

Transition in Place is a housing model that offers residents housing in which support services transition out of the residence over time, rather than the resident. Upon transition of housing/program completion, the veteran "transitions in place" by assuming the lease which enables the unit in which he or she resides to be considered the veteran's permanent housing.

Veteran Food Service Program furnishes food, labor, and equipment necessary to prepare and deliver individual meals for qualified persons residing in U.S.VETS programs. Veterans may also receive food service training by participating in therapeutic stations and culinary training programs operated within this program.

Veterans Assistance is a program providing services to veterans in a less programmatically structured residential environment to support housing retention.

Veterans Service Center provides outreach, case management, employment assistance, and referrals for health care, substance abuse treatment, and housing at a drop-in service center.

Wai'anae Civic Center provides supportive services and transitional housing to veteran and non-veteran individuals and their families experiencing homelessness. The project was initiated and is funded by the state of Hawaii in a concentrated effort to provide emergency housing in Wai'anae, Hawaii.

Workforce Program - U.S.VETS provides employment placement services to expedite the reintegration of veterans into the workforce by eliminating significant employment barriers, securing training and employment opportunities, and providing the tools that will help ensure job retention.

Operating Sites

Inglewood, California - U.S.VETS provides supportive services to 661 beds of transitional and long-term supportive housing for veterans at its Inglewood location, known as Westside Residence Hall. The VA operates a mental health clinic on-site. U.S.VETS also provides services to 743 veteran households in scattered and project-based housing throughout the community in Los Angeles and Lancaster.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION (continued)

Houston, Texas - U.S.VETS provides supportive services to 528 beds of transitional, long-term supportive, and permanent housing for veterans on the outskirts of downtown Houston, known as Midtown Terrace and Travis Street. U.S.VETS also provides services to 461 veteran households in scattered housing throughout the community and operates the Houston Service Center and a community office to support the programs.

Long Beach, California - U.S.VETS provides supportive services to 562 beds of emergency, transitional, long-term supportive, and permanent housing for veterans on a former Naval Housing site, known as Villages at Cabrillo. The VA operates a Community Based Outpatient Clinic on-site. U.S.VETS also provides services to 610 veteran households in scattered and project-based housing throughout the community to include Veteran Villages of Carson Apartments and a temporary shelter known as A Bridge Home in Wilmington.

Inland Empire, California - U.S.VETS provides supportive services to 202 beds of emergency, transitional, long-term supportive, and permanent housing for veterans and their families at its locations within Riverside and San Bernardino Counties, known as the Inland Empire. The facilities include three buildings at March Veterans Village ("MVV") on the grounds of March Air Reserve Base. U.S.VETS is Co-Developer/General Partner and Lead Service Provider for MVV Buildings 2 & 3 and Owner/Service Provider for Building 1. An additional 335 veteran households are served in scattered housing throughout the community. U.S.VETS has a community office in Colton, California to support programs.

Las Vegas, Nevada - U.S.VETS provides supportive services to 251 beds of transitional, long-term supportive, and permanent housing for veterans in a former hotel near downtown Las Vegas and at a second nearby location, The Radcliff. U.S.VETS also provides services to 670 veteran households in scattered housing throughout the community. U.S.VETS has a community office in Las Vegas to support programs.

Phoenix, Arizona - U.S.VETS operates 184 beds of transitional housing and long-term supportive housing for veterans located at the Grand Veterans Village, and serves 450 veteran households in scattered housing throughout the city. U.S.VETS has a community office near the VA Medical Center to support programs.

Prescott, Arizona - U.S.VETS provides supportive services to 139 beds of transitional, long-term supportive, and permanent housing on its Liberty Pointe campus in Prescott, Arizona, as well as 183 veteran households in scattered housing throughout the community.

Barbers Point, Kalaeloa, Hawaii - U.S.VETS provides supportive services to 273 beds of transitional and long-term supportive housing for veterans, on the former Barbers Point Naval Air Station located in Kapolei on the Island of Oahu. An additional 883 veteran households are served in scattered and project-based housing throughout the community and on the Islands of Hawaii, Maui, and Kauai and in the Territory of Guam. U.S.VETS has a community office in Honolulu to support programs.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION (continued)

Wai'anae, Hawaii - U.S.VETS provides supportive services to 172 beds of emergency and HOPTEL housing to individuals and families with children, to include veterans, who are experiencing homelessness. The structure, known as Wai'anae Civic Center, is on the Leeward Coast of Oahu in Wai'anae. An additional 100 households are served in scattered housing throughout the community.

Washington, D.C. - U.S.VETS provides services to 85 beds of transitional housing for veterans at its facility on Wayne Place in the Southeast area of Washington, D.C. as well as 110 veteran households in scattered housing throughout the community.

Bob Hope Patriotic Hall, Los Angeles, CA - U.S.VETS operates a one-stop service center at a Los Angeles County facility known as Bob Hope Patriotic Hall in downtown Los Angeles providing services to 830 veteran households throughout the community to include serving student veterans on college campuses throughout Los Angeles and Orange Counties.

Housing Development Projects

Prescott, AZ – VA Enhanced-Use Lease Project - U.S.VETS and Gorman & Company, LLC were selected by the VA as the principal development team for the Northern Arizona VA Health Care System - Prescott Campus Enhanced-Use Lease Development Project to develop, construct, manage, and maintain a Historic Rehabilitation of Fort Whipple including 6 Officers' Quarters (24 beds) and 85 new units/beds for senior veterans who are homeless or at-risk. This project is in the pre-development phase. U.S.VETS – Fort Whipple, LLC was created for this property. U.S.VETS – Fort Whipple, LLC is wholly owned by U.S. VETS - Housing Corporation.

San Bernardino, California - Vacant Land Properties - The Jewish National Fund had offered U.S.VETS a donation of two vacant land properties in the city of San Bernardino, CA and title to both properties was recorded to U.S.VETS – E Street LLC and U.S.VETS 17th Street LLC (Single Member-Managed Limited Liability Companies formed by U.S.VETS) on June 30, 2017. U.S.VETS has been approved by the city to build housing projects on each of the two properties, totaling 59 units of housing for veteran households and is in the pre-development stage at the E Street location.

Ventura, California - U.S.VETS, in collaboration with non-profit developer A Community of Friends (ACOF), has been selected by the City of Ventura to use the Ventura Veterans Home Development Site to develop 120 affordable housing units for veterans and their families from the Tri-County Area of Ventura County, Santa Barbara County, and San Luis Obispo County in California. ACOF is the lead developer and U.S.VETS is the co-developer and lead service provider. The project is in the pre-development stage.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

1. ORGANIZATION (continued)

West Los Angeles, California - VA Campus - U.S.VETS, in collaboration with housing developers Century Housing Corporation and Thomas Safran & Associates (TSA), formed the West LA Veterans Collective, LLC ("the Collective") which serves as the Principal Developer for approximately 900 units of supportive, affordable housing for veterans on a 388-acre property at the VA Greater Los Angeles North Campus. U.S.VETS will be sole developer of 140 units and the lead service provider buildings operated by TSA, the first of which is scheduled to open in early 2023. U.S.VETS buildings are in the pre-development stage.

Riverside, California - U.S.VETS was sole developer for a third building at March Veterans Village that opened in March 2022. Also, in May 2022 Tunnels to Towers awarded U.S.VETS \$2.7 Mil to provide 44 Comfort Homes at remaining space in March Veterans Village; this project is in pre-development.

Phoenix, Arizona - A new location has been secured at a former hotel where renovations are expected to be completed in 2022 at which point the residential programs will re-locate and expand. U.S.VETS – Phoenix, LLC was created for this property. U.S.VETS – Phoenix, LLC is wholly owned by U.S. VETS - Housing Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual reporting periods beginning after June 15, 2021. U.S. VETS adopted ASU 2020-07 with a date of initial application of July 1, 2021. The adoption of ASU 2020-07 did not have a material impact to the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of United States Veterans Initiative, U.S.VETS – Arizona, U.S.VETS – Texas, U.S.VETS – E Street LLC, U.S.VETS – 17th Street LLC, U.S.VETS – MVV Building 1, LLC, U.S.VETS - Phoenix, LLC, U.S.VETS - Houston, LLC, U.S.VETS - Fort Whipple, LLC, U.S.VETS - WLA VA, LLC, U.S.VETS - Ventura, LLC and U.S.VETS – Housing Corporation. The subsidiaries and the single member-managed limited liability companies are consolidated, since United States Veterans Initiative has both an economic interest and control of the governing boards. All inter-organization transactions have been eliminated. These organizations together are collectively referred to as United States Veterans Initiative and Subsidiaries ("U.S.VETS").

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of U.S.VETS are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- *Net assets without donor restrictions* - These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
- *Net assets with donor restrictions* - U.S.VETS reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

Cash and cash equivalents

U.S.VETS has defined cash and cash equivalents as cash in banks and short term investments with an original maturity of three months or less.

Accounts receivable

U.S.VETS uses the allowance method in order to reserve for potentially uncollectible accounts receivable. As of June 30, 2022, the majority of receivables were due from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges receivable

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenue in the period pledged by donors. Conditional contributions are recorded as support in the period in which the condition is met. Such contributions are required to be reported as donor-restricted support and are then reclassified to net assets without donor restrictions upon release of the restriction, which is usually when the funds are spent. U.S.VETS periodically reviews its receivables for uncollectible amounts based on how recently payments have been received or contractual terms. All amounts are believed to be collectible as of June 30, 2022. Therefore, no allowance for doubtful pledges is deemed necessary.

Fair value measurements

U.S.VETS is required to measure non-cash contributions at fair value. The specific techniques used to measure fair value for the financial statement element is described in the notes below that relates to the element.

- *Level 1* - quoted prices in active markets for identical assets
- *Level 2* - quoted prices in active or inactive for the same or similar assets
- *Level 3* - estimates using the best information available when there is little or no market

Concentration of credit risks

U.S.VETS places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. U.S.VETS has not incurred losses related to these investments.

At June 30, 2022, government contract receivables due from federal and city granting agencies were 50%, and 36%, respectively, of the primary receivable balance outstanding. Concentration of credit risks with respect to trade receivables are limited, as the majority of U.S.VETS' receivables consist of earned fees from contract programs granted by governmental agencies.

At June 30, 2022, three donors represented 74% of pledges receivable.

Approximately 69% of U.S.VETS' revenue and support consisted of government contracts from county, state, and federal granting agencies for the year ended June 30, 2022.

Property and equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at date of donation. The provision for depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment as follows:

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	27.5 years
Automobiles	5 years
Software	5 years
Furniture and fixtures	5 years
Leasehold improvements	lesser of economic life or term of lease

Maintenance and repair costs are expensed as they are incurred, while renewals and improvements of significant nature are capitalized. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization is removed from the accounts, and any resulting gain or loss is reflected in the consolidated statement of activities.

U.S.VETS evaluates long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the discounted net cash flows they will generate.

Contract liabilities

Contract liabilities consists primarily of cash flow advances in connection with government contracts. Advances received in excess of revenue recognized are presented as a contract liability on the consolidated Statement of Financial Position. At June 30, 2022, contract liabilities totaled \$1,549,801.

Revenue recognition

U.S.VETS receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of U.S.VETS in the following manner:

Grant and contract revenue - A portion of the U.S.VETS' revenue is derived from federal and state contracts and grants, which are conditioned upon performance requirements and incurrence of qualifying expenses. Revenue under these arrangements is recognized as U.S.VETS incurs qualifying expenses or meets other performance requirements that are required before the Organization is entitled to funding under these arrangements. The Organization entered into cost-reimbursable and other limited discretion grant agreements of \$34,235,218 that have not been recognized in revenue as of June 30, 2022. Qualified expenditures are incurred and invoiced monthly throughout the contract period, many of which extend beyond the year ended June 30, 2023.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contributions - Unconditional contributions are recorded upon receipt or pledge as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recognized as donor-imposed stipulations are met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Program service fees - Monthly accrual based on completion of services in accordance with performance obligations identified in service contracts. These contracts generally are between the Organization and other nonprofit entities. A contract contains a promise (or promises) to perform a service. A performance obligation is a promise (or a group or promises) that is distinct. Program service fees are recognized when performance obligations are satisfied by performing the promised services.

Rent income - Monthly accrual based on occupancy and in accordance with rental and program agreement, which typically restrict the portion of rent paid by tenants based upon their income.

In-kind contributions

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2022, U.S.VETS received materials and services that totaled \$342,403 (See Note 14).

Income taxes

U.S.VETS is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC") and California Revenue and Taxation Code Section 23701d. U.S.VETS is classified as an organization that is not a private foundation under Section 509(a)(i) and 170(b)(a)(vi) of the IRC.

Functional allocation of expenses

Costs of providing U.S.VETS' programs and other activities have been presented in the Consolidated Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. U.S.VETS uses total costs less capital expenditures and unallowable expenses to allocate indirect costs.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with U.S.VETS' consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Subsequent events

Management has evaluated subsequent events through December 13, 2022, the date which the consolidated financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the consolidated financial statements, except those described in Note 20.

3. PLEDGES RECEIVABLE

At June 30, 2022, U.S.VETS had pledges scheduled to be received beyond the next five years. No discount on pledges had been recorded for amounts due in greater than one year as the amount is not deemed material. As of June 30, 2022, pledges expected to be received were \$1,901,457.

Pledges receivable are expected to be received as follows:

Within one year	\$ 842,824
Within two to five years	993,564
Thereafter	<u>65,069</u>
	<u>\$ 1,901,457</u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

4. NOTES RECEIVABLE

Notes receivables consisted of the following:

Harris County and Cloudbreak (amortized)	\$ 375,000
CAI	<u>1,116,717</u>
	<u><u>\$ 1,491,717</u></u>

As of June 30, 2022, payments on notes receivable are expected to be received as follows:

Within one year	\$ 228,085
Within two to five years	729,966
After five years	<u>533,666</u>
	<u><u>\$ 1,491,717</u></u>

Harris County and Cloudbreak Houston, LLC

During the year ended June 30, 2003, Harris County, in the state of Texas, entered into an agreement with U.S.VETS and Cloudbreak Houston, LLC ("Cloudbreak") whereby U.S.VETS was granted \$2,500,000 to immediately be loaned to Cloudbreak towards the partial costs to acquire the Days Inn Hotel, renamed Midtown Terrace Houston. As defined in the agreement, a portion of the property is required to be maintained as affordable housing to low income families of Harris County for a period of twenty years.

In 2003, U.S.VETS recognized an asset in the form of a note receivable in the amount of \$2,500,000 as donor-restricted promise to perform by Cloudbreak under the repayment terms of the loan and the original Harris County grant. As Cloudbreak meets their performance requirements, a portion of the asset is amortized against the receivable ratably over the term of the agreement. In the event of default, interest at a rate of 6% per annum will be applied to unrealized grant income and, together with the grant income, shall be immediately due and payable.

For the year ended June 30, 2022, Cloudbreak has performed the required activities for the period since inception of the note. The note receivable balance at June 30, 2022 was \$375,000, which is net of total accumulated amortization of \$2,125,000. For the year ended June 30, 2022, amortization expense of \$125,000 was recorded.

Cantwell-Anderson, Inc.

In December 2010, U.S.VETS disengaged a joint venture relationship with Cantwell-Anderson, Inc. ("CAI"). As part of the joint venture dissolution agreement, U.S.VETS received a note receivable of \$1,940,000 from CAI, with an interest rate of 6% due on December 28, 2030. As of June 30, 2022, the balance on the note receivable is \$1,116,717.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Buildings	\$ 13,658,778
Leasehold improvements	5,167,225
Furniture and equipment	3,231,553
Vehicles	818,914
Computer and software development	2,137,005
Construction in progress	6,653,221
Land	<u>586,980</u>
	32,253,676
Accumulated amortization and depreciation	<u>(8,258,074)</u>
	<u><u>\$ 23,995,602</u></u>

6. MARCH VETERAN'S VILLAGE

In February 2012, U.S.VETS was granted \$8,357,269 from March Joint Powers Redevelopment Authority (formerly March Joint Powers Redevelopment Agency) with the condition that it be used to construct a transitional housing facility for homeless and at-risk veterans in Riverside, California. In June 2019, U.S.VETS entered into a ground lease agreement with The March Joint Powers Authority to lease .695 acres of land situated in the county of Riverside, California for the planned construction.

The Tunnel to Towers Foundation ("T2T") is a charitable organization whose mission is to "Never Forget and Do Good" in memory of Firefighter Stephen Siller and all who lost their lives on September 11, 2001. The Foundation is committed to eradicating veteran homelessness throughout the United States, and to ensure every veteran who needs shelter has a "comfort home," a safe and stable place to live and regain independence in civilian life. In May 2022, T2T provided U.S.VETS with a \$3,000,000 grant to U.S.VETS for the Riverside facility, designating \$350,000 for first-year operational support of March Veterans Village Building 1 and \$2,650,000 for predevelopment costs related to the final phase of the remaining four acres of the Village property. U.S.VETS intended to construct 44 Comfort Homes and a 26-unit multifamily building similar to MVV Building 1.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

7. NEW PHOENIX CAMPUS

On October 13, 2020, the Phoenix City Council unanimously approved the acquisitions of a campus in north Phoenix for the valley's veteran population. The facility will serve as the new home of U.S.VETS Phoenix's operation, housing more than 170 homeless and at-risk veterans and allocating for additional capacity in this location. The Phoenix City Council also approved funding of \$10.5 million to acquire the property. On July 29, 2021, U.S.VETS and the City of Phoenix commenced a ten-year lease of the property whereby certain building operation expenses and program service expenses would be reported in lieu of cash rent, provided specific cost thresholds were met. The lease has a purchase option and all capital improvements, except those made with awards by the City of Phoenix, will be credited again the purchase price in any future acquisition.

In addition to the significant WLAVA grant T2T provided to U.S.VETS subsequent to year-end, in May 2022 T2T provided a \$5,000,000 grant and cash funding to U.S.VETS and designated \$3,500,000 towards construction costs of the property purchased by the city of Phoenix and leased to U.S.VETS for veteran services in lieu of cash, and \$1,500,000 towards transitional operating expenses to relocate veteran clients from the current Phoenix campus; the relocation is scheduled to take place in early 2023.

8. LINE OF CREDIT

U.S.VETS maintains a revolving line of credit with a bank that allows U.S.VETS to borrow up to a maximum of \$5,000,000. The borrowings bear interest at BSBY ("Bloomberg Short-Term Bank Yield) plus 2% (1.58% at June 30, 2022). The line of credit matures on February 29, 2024 and is secured by substantially all of U.S.VETS' assets. The line has a 24 month term, provisions for annual extensions, and includes a due on demand feature. As of June 30, 2022, the balance on the line was \$3,000,000.

The line of credit includes financial and nonfinancial covenants. During the year ended June 30, 2022, U.S.VETS was in compliance with or received a waiver for noncompliance for all of its financial and nonfinancial covenants.

9. FORGIVABLE DEBT

U.S.VETS received forgivable debt of \$1,900,000 from the county of Riverside for construction of a third building at the March Veterans Village. The amounts received are treated as a liability on the accompanying consolidated statement of financial position until all conditions under the agreement have substantially been met. For a period of 55 years from the recording of the agreement, U.S. VETS is required to maintain 15 units for individuals whose income is at or below 50% of the area median income (AMI) and 7 units for individuals whose income is at or below 80% of the AMI. The loan matures in July 2077 and does not accrue interest. The outstanding balance at June 30, 2022 was \$1,900,000.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

10. NOTE PAYABLE (PAYCHECK PROTECTION PROGRAM)

On April 20, 2020, U.S. VETS qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (the "SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$3,553,176 (the "PPP Loan"). The PPP Loan bore interest at a fixed rate of 1.0% per annum, with the first twelve months of interest deferred, had a term of two years, and was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs and certain related benefits, covered rent and mortgage obligations, and covered utility payments incurred by U.S. VETS. U.S. VETS accounts for the PPP Loan using the conditional grant model under Accounting Standards Codification ("ASC") Topic 958, Not -for-Profit Entities.

During the year ended June 30, 2021, U.S. VETS received forgiveness in the amount of \$3,553,176. However, U.S. VETS only recognized \$1,216,803 as revenue for the year ended June 30, 2021. This amount represents the amount of qualifying expenditures incurred under the PPP. During the year ended June 30, 2022, U.S. VETS returned \$2,041,897 to the SBA which included both principal and interest.

11. CONDITIONAL PROMISES TO GIVE

In June 2017, U.S.VETS received a conditional contribution of \$450,000 to develop properties to house veterans of U.S. Armed Forces. U.S.VETS has ten years from the date that the deeds are recorded, which occurred in June 2017 or return the gifted properties. In 2019, the value of the properties was reappraised and the conditional obligation increased to \$583,000.

As discussed in Note 6, U.S.VETS received a grant for \$8,357,269 from March Joint Powers Redevelopment Authority. The grant is conditional upon U.S.VETS building transitional housing for homeless and at-risk veterans. During the year ended June 30, 2022, U.S.VETS incurred \$2,481,588 of construction costs which were drawn from the grant funds. In 2022, the transitional housing facility was completed and total grant funds of \$7,457,996 was recognized as revenue accordingly.

Conditional promises to give totaled \$583,000 at June 30, 2022.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

12. CAPITAL LEASE

U.S.VETS leases real property and equipment under capital leases. Future minimum payments, by year, and in the aggregate, under these leases consist of the following:

<u>Year ending June 30,</u>	
2023	\$ 238,672
2024	227,292
2025	<u>56,798</u>
	522,762
Less: imputed interest	<u>(27,357)</u>
	<u><u>\$ 495,405</u></u>

13. OTHER DEFERRED LIABILITY

As part of an agreement between U.S.VETS and its landlord, the landlord forgave a payable balance due from U.S.VETS, as U.S.VETS paid for leasehold improvements to the building. The improvements were recognized as donor-restricted assets, and the payable forgiven was recognized as a deferred liability. The liability is amortized over the same period as the leasehold improvements, which was determined to be fifteen years. During the year ended June 30, 2022, revenue recognized for the payable forgiven was \$19,150. The balance of the deferred liability as of June 30, 2022 was \$52,661.

Future amortization of the liability at June 30 is as follows:

<u>Year ending June 30,</u>	
2023	\$ 19,150
2024	19,150
2025	<u>14,361</u>
	<u><u>\$ 52,661</u></u>

14. IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended June 30, 2022 consist of the following:

Professional services	\$ 173,248
Food and clothing	<u>169,155</u>
	<u><u>\$ 342,403</u></u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

14. IN-KIND CONTRIBUTIONS (continued)

Donated services and materials are utilized in program services and fundraising. Contributed services recognized are valued at the estimated fair value of current rates for similar professional services. Contributed assets are valued based on estimates of retail values that would be received for selling similar products.

The following table presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022::

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Professional services	\$ -	\$ 173,248	\$ -	\$ 173,248
Food and clothing	<u>-</u>	<u>169,155</u>	<u>-</u>	<u>169,155</u>
	<u>\$ -</u>	<u>\$ 342,403</u>	<u>\$ -</u>	<u>\$ 342,403</u>

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 were available for the following purposes:

<u>Purpose</u>	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at June 30, 2022</u>
Program services				
Advance program	\$ 314	\$ -	\$ (314)	\$ -
Chronically homeless program	35,000	246,701	(189,939)	91,762
Career development initiatives	432,510	835,000	(830,676)	436,834
Outside the wire program	152,637	115,000	(261,043)	6,594
Permanent housing program	113,312	146,507	(199,417)	60,402
Site development	10,000	-	-	10,000
Veterans in progress program	1,197,947	1,107,025	(1,281,860)	1,023,112
Long-Term Supportive Housing	221,171	1,989,462	(179,792)	2,030,841
Other programs	<u>3,083,994</u>	<u>1,194,042</u>	<u>(2,638,501)</u>	<u>1,639,535</u>
	<u>5,246,885</u>	<u>5,633,737</u>	<u>(5,581,542)</u>	<u>5,299,080</u>
Capital projects				
Housing development projects	<u>2,810,559</u>	<u>6,996,632</u>	<u>(415,144)</u>	<u>9,392,047</u>
	<u>2,810,559</u>	<u>6,996,632</u>	<u>(415,144)</u>	<u>9,392,047</u>
Time restricted				
Leasehold improvements	195,558	-	(53,333)	142,225
Note receivable	<u>500,000</u>	<u>-</u>	<u>(125,000)</u>	<u>375,000</u>
	<u>695,558</u>	<u>-</u>	<u>(178,333)</u>	<u>517,225</u>
	<u>\$ 8,753,002</u>	<u>\$ 12,630,369</u>	<u>\$ (6,175,019)</u>	<u>\$ 15,208,352</u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

16. COMMITMENTS AND CONTINGENCIES

Obligations under operating leases

U.S.VETS leases various facilities and vehicles under operating leases with various terms. Future minimum payments under these leases with initial or remaining terms are as follows:

<u>Year ending June 30,</u>	
2023	\$ 5,812,665
2024	4,528,901
2025	2,780,749
2026	1,429,325
2027	810,562
Thereafter	<u>1,062,858</u>
	<u>\$ 16,425,060</u>

In addition to these leases with commitments in excess of one year, U.S. VETS also leases apartments and other residences on behalf of program participants. These leases are typically for twelve months and then are extended on a month-to-month basis. They are funded by various grant programs with a portion of the rent also paid by the tenant/program participant. During the year ended June 30, 2022, U.S.VETS incurred approximately \$4.5 million in leasing expense under these arrangements. U.S.VETS expects to continue with these arrangements at approximately the same level in the future, subject to funding availability. Total rent expense under operating leases for the year ended June 30, 2022 amounted to \$10,556,127.

Grants and contracts

U.S.VETS' grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

Legal proceedings

U.S.VETS is a defendant several lawsuits, most resulting from wrongful termination claims. U.S.VETS believes that the claims are without merit and intends to vigorously defend its positions. The ultimate outcomes of these lawsuits cannot presently be determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the consolidated financial statements.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022

17. RELATED PARTY TRANSACTIONS

For the year ended June 30, 2022, U.S.VETS received contributions from management and related parties connected to management of \$142,963, which were accounted for in contributions. U.S.VETS also has employee receivables totaling \$49,244 as of June 30, 2022, which are included in prepaid expenses and other assets.

18. EMPLOYEE BENEFIT PLAN

U.S.VETS operated a 401(k) profit sharing plan covering all of the full-time employees who have completed thirty days of service. U.S.VETS currently contributes a matching contribution to eligible employees equal to each employee's salary contribution up to a maximum of 3% of the employee's annual eligible earnings to the plan. Employer contributions under this plan amounted to \$408,189 for the year ended June 30, 2022.

19. LIQUIDITY AND AVAILABILITY

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions as of June 30, 2022 consist of the following:

Financial assets	
Cash and cash equivalents	\$ 12,028,791
Accounts receivable	10,416,862
Pledges receivable	<u>1,901,457</u>
	24,347,110
Donor-restricted net assets, excluding donor-restricted notes receivable	<u>(14,737,052)</u>
	<u><u>\$ 9,610,058</u></u>

20. SUBSEQUENT EVENTS

On July 25, 2022 T2T provided a grant to U.S.VETS in the amount of \$72,500,000, the primary goal of which is to fund the construction of 715 units of Permanent Supportive Housing, comprising 793 Permanent Supportive Beds in the West Los Angeles Veterans Administration housing project in which U.S.VETS is a developer partner with Thomas Safran & Associates and Century Housing, via the West LA Veteran's Collective, LLC. This funding is in the form of a six year pledge and on August 12, 2022 T2T wired the first year installment of \$18,498,000 to U.S.VETS, of which \$6,500,000 is for predevelopment and construction costs of the four buildings for which U.S.VETS is the lead developer. The remaining \$12,000,000 is for construction costs related to buildings for which Thomas Safran & Associates and Century Housing are the lead developer. On December 6, 2022, U.S.VETS granted \$3,000,000 to the Collective for use in building for which Thomas Safran & Associates is the lead developer.

In August, 2022 T2T purchased a 150 unit property in Houston which is being rehabilitated to serve as the new U.S.VETS Houston campus; U.S.VETS will lease the building for services provided to veterans in lieu of cash and the relocation from the current Houston campus will take place in early 2023.

SUPPLEMENTARY INFORMATION

United States Veterans Initiative and Subsidiaries
Consolidated Schedules of Revenue and Support
June 30, 2022

	<u>Net Assets without Donor Restrictions</u>	<u>Net Assets with Donor Restrictions</u>	<u>Total</u>
Grant and contract income			
VA Homeless Providers	\$ 25,849,665	\$ -	\$ 25,849,665
Supportive Services for Veteran Families	18,579,088	-	18,579,088
Other grants	13,353,689	-	13,353,689
Continuum of Care Program	5,778,187	-	5,778,187
Homeless Veterans Reintegration Project	<u>1,800,648</u>	<u>-</u>	<u>1,800,648</u>
	<u>65,361,277</u>	<u>-</u>	<u>65,361,277</u>
Contributions			
Restricted contributions	-	12,630,367	12,630,367
Unrestricted contributions	10,725,825	-	10,725,825
In-kind contributions (Note 11)	342,403	-	342,403
United Way of CFC contributions	<u>598,024</u>	<u>-</u>	<u>598,024</u>
	<u>11,666,252</u>	<u>12,630,367</u>	<u>24,296,619</u>
Other revenue			
Rent income	2,357,723	-	2,357,723
Other revenue	959,025	-	959,025
Program services	1,637,317	-	1,637,317
Gross profit on gross sales	<u>105,895</u>	<u>-</u>	<u>105,895</u>
	<u>5,059,960</u>	<u>-</u>	<u>5,059,960</u>
Net assets released from program restrictions			
Restricted contributions	<u>6,175,017</u>	<u>(6,175,017)</u>	<u>-</u>
Total revenue and support	<u>\$ 88,262,506</u>	<u>\$ 6,455,350</u>	<u>\$ 94,717,856</u>

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For The Year Ended June 30, 2022

	Advance	Benefits	Business Services	Chronically Homeless	Emergency Beds	Fathers	General Services	High Barriers	Hoptel	Long-Teem Housing	Mothers with Children
Personnel expenses											
Salaries and wages	\$ -	\$ -	\$ 55,817	\$ 579,300	\$ 412,640	\$ -	\$ -	\$ -	\$ 122,535	\$ 105,038	\$ -
Paid time off (PTO)	-	-	6,618	87,791	49,689	-	-	-	19,680	12,988	-
Payroll taxes and benefits	-	-	13,866	173,504	103,425	-	-	-	36,638	26,777	-
Total personnel expenses	-	-	76,301	840,594	565,755	-	-	-	178,853	144,804	-
Accounting fees	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	1,949	3,053	-	-	-	3,264	34	-
Bank and credit card fees	-	-	6,923	3,826	-	-	-	-	-	4,570	-
Bus passes	-	-	65	2,250	229	-	-	-	-	-	-
Conferences and meetings	-	-	-	297	57	-	-	-	19	1,082	-
Consultant	-	-	-	-	-	-	-	-	-	6,389	-
Consultant-IT	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,067	-	239	5,576	15,387	2,497	2,082	806	6,255	43,166	121
Dues and subscriptions	-	-	1,895	490	124	-	-	-	-	972	-
Equipment rental	-	-	320	4,751	4,373	-	-	-	1,334	2,500	-
Evaluation and monitoring	-	-	-	22	-	-	-	-	-	2,695	-
In-kind cost	-	-	-	18,134	303	-	-	-	-	-	-
Insurance	-	-	8,381	42,016	16,048	-	-	-	5,918	10,468	-
Interest expense	-	-	-	-	-	-	-	-	-	8,576	-
Legal fees	-	-	-	-	-	-	-	-	-	629	-
Licenses	-	-	6	3,729	2,799	-	-	-	385	5,200	-
Maintenance and repairs	-	-	-	55,169	88,532	-	-	-	12,265	51,294	-
Meals and entertainment	-	-	47,966	50,375	499,393	-	-	-	27,810	13,732	-
Mileage	-	-	-	2,101	-	-	-	-	264	613	-
Miscellaneous	-	-	-	1,238	-	-	-	-	-	13,641	-
Office expense	-	-	344	9,444	4,486	-	-	-	868	2,248	-
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-	-
Parking and other occupancy	-	-	-	4,659	-	-	-	-	-	-	-
Penalties	-	-	316	141	-	-	-	-	-	323	-
Printing and copying	-	-	-	232	196	-	-	-	145	13	-
Program supplies	-	-	1,514	72,070	137,066	-	-	-	2,744	17,152	-
Promotional expenses	-	-	-	-	-	-	-	-	-	-	-
Property management fees	-	-	-	-	-	-	-	-	-	-	-
Property taxes	-	-	-	18	75	-	-	-	-	16	-
Real estate taxes	-	-	-	79	-	-	-	-	-	300	-
Recruiting fees	-	-	-	-	-	-	-	-	-	129	-
Shipping and postage	-	-	-	171	-	-	-	-	178	6	-
Space cost (rent)	-	-	9,936	856,489	149,013	-	-	-	172,226	498,553	-
Special events	-	-	-	193	-	-	-	-	-	325	-
Subcontractor expense	-	-	-	114,681	-	-	-	-	107,559	-	-
Telephone - cellular	-	-	-	8,025	5,663	-	-	-	2,553	2,778	-
Telephone - landline	-	-	-	16,689	13,927	-	-	-	9,478	5,861	-
Temporary financial assistance	-	-	-	77,122	27,434	-	-	-	2,599	(34,230)	-
Temporary help	-	-	-	87	645,878	-	-	-	-	-	-
Training - clients	-	-	-	495	-	-	-	-	371	-	-
Training - staff	-	-	150	2,503	1,497	-	-	-	1,655	694	-
Travel	-	-	-	174	-	-	-	-	-	161	-
Uniforms	-	-	-	986	841	-	-	-	-	9,107	-
Utilities	-	-	5,263	88,745	69,311	-	-	-	24,045	117,671	-
Vehicle expense	-	-	-	6,114	1,419	-	-	-	53	13,064	-
Total 2022 functional expenses	18,067	(0)	183,165	2,620,060	2,583,596	2,497	2,082	806	633,874	1,076,633	121

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For The Year Ended June 30, 2022

	Mental Health	Outreach	Permanent Housing	Substance Abuse	Service Center	Shelter Plus Care	Social Independent Living	Special Needs	Veterans Food Service	Veterans in Progress	Veterans Assistance
Personnel expenses											
Salaries and wages	\$ 519,169	\$ -	\$ 565,414	\$ 68,111	\$ 65,917	\$ 23,948	\$ -	\$ 117,726	\$ 691,177	\$ 6,635,659	\$ 321,263
Paid time off (PTO)	65,555	-	69,547	8,076	9,088	2,840	-	17,405	87,301	918,494	41,372
Payroll taxes and benefits	142,329	-	147,397	16,920	20,024	5,949	-	35,007	180,146	1,812,556	85,692
Total personnel expenses	727,053	-	782,358	93,107	95,030	32,737	-	170,139	958,624	9,366,708	448,327
Accounting fees	-	-	-	-	-	-	-	-	-	-	20
Bad debt expense	1,270	-	61	47	-	-	-	-	-	7,657	-
Bank and credit card fees	-	-	746	-	-	-	-	88	-	3,633	171
Bus passes	-	-	1,603	494	1,350	-	-	-	-	28,172	-
Conferences and meetings	1,004	-	706	46	-	-	-	486	-	29,245	6,925
Consultant	-	270	788	-	-	-	-	41,793	26	489,278	5,200
Consultant-IT	-	-	-	-	-	-	-	-	-	7,667	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Depreciation	2,420	9,086	25,197	259	2,136	371	152	1,856	8,733	203,169	2,643
Dues and subscriptions	2,150	-	1,169	104	312	-	-	81	-	21,488	436
Equipment rental	2,953	-	6,114	712	2,877	282	-	1,014	5,876	93,627	3,320
Evaluation and monitoring	-	-	145	-	-	-	-	-	-	71,653	147
In-kind cost	-	-	14,349	-	2,310	19,800	-	-	51,640	213,980	-
Insurance	6,605	-	32,779	1,882	4,104	1,137	-	3,562	29,065	368,942	15,128
Interest expense	-	-	-	-	-	-	-	-	-	23,807	-
Legal fees	-	-	187	-	-	-	-	-	-	-	-
Licenses	487	-	8,009	3,351	332	1,203	-	679	1,576	75,833	3,422
Maintenance and repairs	863	-	34,769	642	25,875	87	-	8,815	63,639	525,385	7,330
Meals and entertainment	2,138	2,783	5,962	67,766	33,394	101	-	53,930	(1,552,939)	3,415,869	40,273
Mileage	185	-	2,132	-	12	-	-	5	138	8,132	251
Miscellaneous	-	-	71	-	-	-	-	-	2,363	5,686	12,722
Office expense	4,997	-	11,705	580	6,518	59	-	5,978	4,786	306,206	3,833
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	7	-
Parking and other occupancy	-	-	1,807	-	9,239	-	-	2,626	375	264,227	178
Penalties	-	-	-	-	-	-	-	-	-	35	-
Printing and copying	807	-	601	17	341	12	-	152	282	7,552	124
Program supplies	1,421	5,849	35,505	8,453	11,825	1,555	-	43,570	227,126	1,591,713	7,949
Promotional expenses	-	-	-	-	-	-	-	-	-	24,116	5,202
Property management fees	-	-	-	-	-	-	-	-	-	72,000	-
Property taxes	14	-	271	14	-	5	-	1	88	716	477
Real estate taxes	-	-	-	-	-	-	-	-	-	7,518	-
Recruiting fees	-	-	-	-	-	-	-	-	-	32,642	-
Shipping and postage	164	-	64	-	-	-	-	1	67	2,416	113
Space cost (rent)	-	-	1,473,715	49,665	26,400	-	-	117,383	195,204	3,809,039	1,663
Special events	55	-	281	1	343	-	-	274	771	13,897	8,231
Subcontractor expense	96,250	-	-	-	-	-	-	2,800	-	46,718	-
Telephone - cellular	7,349	-	11,272	963	323	335	-	1,272	9,487	103,928	5,235
Telephone - landline	6,900	-	7,531	581	14,107	154	-	1,281	5,427	78,259	3,947
Temporary financial assistance	95,514	-	5,055	-	16,255	-	-	-	-	781,100	6,362
Temporary help	-	-	20,506	-	-	4,908	-	-	-	496,812	-
Training - clients	-	-	176	270	-	-	-	-	-	26,741	750
Training - staff	1,220	-	2,900	331	228	65	-	292	3,622	81,615	3,424
Travel	589	-	816	179	14	-	-	749	-	39,911	163
Uniforms	-	-	457	186	28	-	-	710	24,054	44,289	706
Utilities	-	383	138,497	-	5,749	-	-	3,086	21,917	264,251	2,813
Vehicle expense	24	-	7,004	-	-	-	-	564	2,139	95,886	1,575
Total 2022 functional expenses	1,097,502	19,745	3,021,622	263,557	297,137	72,051	152	531,055	73,126	26,540,409	687,228

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For The Year Ended June 30, 2022

	Waianae Civic Center	Workforce	Rapid Re- Housing	Veterans and Families	Transition in Place	CDI	Outside the Wife	VRP	Bridge Housing	Low Demand	Clinical Treatment
Personnel expenses											
Salaries and wages	\$ 644,506	\$ 899,266	\$ 785,460	\$ 4,367,354	\$ 339,192	\$ 376,195	\$ 467,901	\$ -	\$ 59,140	\$ -	\$ -
Paid time off (PTO)	103,515	130,562	125,694	629,599	51,084	50,699	56,112	-	7,012	-	-
Payroll taxes and benefits	192,709	250,815	233,308	1,223,645	97,782	98,316	116,636	-	14,692	-	-
Total personnel expenses	940,730	1,280,643	1,144,462	6,220,598	488,057	525,210	640,648	-	80,844	-	-
Accounting fees	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	273	0	200	-	-	-	2,312	4,462	226
Bank and credit card fees	11	86	1	4	4,293	-	-	-	-	-	-
Bus passes	51	11,611	142	30	6,500	4,660	-	-	-	-	-
Conferences and meetings	2,422	1,025	321	1,662	1,251	16,961	1,521	-	-	-	-
Consultant	14,262	23	12,000	115,927	15,073	-	-	-	-	-	-
Consultant-IT	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Depreciation	40,619	33,728	77,402	88,068	6,537	4,627	2,648	8	34,501	51,150	34,379
Dues and subscriptions	945	1,377	1,066	61,746	1,374	9,461	3,195	-	-	-	-
Equipment rental	2,484	7,816	5,123	41,095	2,204	2,061	1,575	-	1,157	-	-
Evaluation and monitoring	18,554	4	-	168	4	2	300	-	-	-	-
In-kind cost	-	-	-	2,730	946	-	-	-	150	-	-
Insurance	32,211	49,488	40,242	259,808	27,404	12,835	3,301	-	4,881	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-	-	-	-	-	-
Licenses	6,019	5,972	3,533	73,637	4,017	2,439	775	-	-	-	-
Maintenance and repairs	54,798	9,239	50,207	30,204	27,574	1,605	470	-	9,610	-	-
Meals and entertainment	219,743	317	48,135	1,126	48,342	386	15,000	-	15,091	-	-
Mileage	224	2,095	1,156	6,955	397	1,169	-	-	-	-	-
Miscellaneous	-	5,439	134	3,729	-	389	-	-	-	-	-
Office expense	3,186	14,794	18,173	113,420	17,166	6,643	1,650	-	6,860	-	-
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-	-
Parking and other occupancy	8,720	1,633	21,741	20,199	16,280	20	15	-	-	-	-
Penalties	-	-	-	-	76	-	-	-	-	-	-
Printing and copying	91	1,616	378	3,371	244	259	42	-	101	-	-
Program supplies	63,127	154,339	55,169	20,000	90,443	30,582	8,633	-	38,674	-	-
Promotional expenses	-	-	-	-	-	337	-	-	-	-	-
Property management fees	-	-	-	-	110	-	-	-	2,050	-	-
Property taxes	-	47	3	567	12	20	26	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-	-	-	-
Recruiting fees	-	27,064	95	1,816	-	23	-	-	-	-	-
Shipping and postage	37	64	829	16,231	823	162	233	-	-	-	-
Space cost (rent)	9,776	130,729	1,383,267	618,610	433,044	17,546	-	-	-	-	-
Special events	59	612	3,901	1,673	490	758	75	-	-	-	-
Subcontractor expense	14,502	-	1,246,874	1,318,223	-	-	-	-	-	-	-
Telephone - cellular	8,704	35,194	12,624	75,927	5,305	6,480	6,846	-	1,602	-	-
Telephone - landline	14,214	15,132	10,614	58,842	3,116	4,920	4,719	-	676	-	-
Temporary financial assistance	2,016	54,140	1,667,371	7,515,374	56,103	3,000	-	-	-	-	-
Temporary help	-	7,058	-	26,216	-	-	-	-	-	-	-
Training - clients	1,264	246,178	15,297	-	-	30,168	-	-	-	-	-
Training - staff	5,064	3,776	4,463	23,837	2,465	2,330	1,876	-	140	-	-
Travel	332	8,608	334	23,715	1,925	985	1,216	-	-	-	-
Uniforms	-	31,896	-	710	1,316	38,181	-	-	-	-	-
Utilities	173,950	4,323	62,471	9,143	19,738	600	-	-	5,339	-	-
Vehicle expense	1,113	3,390	6,055	123,435	21,220	1,590	-	-	135	-	-
Total 2022 functional expenses	1,873,518	2,426,185	6,579,040	19,198,634	1,496,066	828,777	797,210	8	228,888	55,612	34,604

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For The Year Ended June 30, 2022

	Hospital to Housing	Service Intensive Transitional Housing	Chronically Homeless (2)	Emergency Beds - Women	Low Demand (2)	Bridge Housing (2)	Aftercare	Health Services	Peer Support	Long-term Supportive Housing - MVV #1
Personnel expenses										
Salaries and wages	\$ -	\$ -	\$ -	\$ 181,323	\$ -	\$ -	\$ 689,949	\$ 45,689	\$ 46,259	\$ 26,660
Paid time off (PTO)	-	-	-	21,500	-	-	98,542	5,417	5,470	3,161
Payroll taxes and benefits	-	-	-	45,045	-	-	191,869	11,350	11,450	6,623
Total personnel expenses	-	-	-	247,868	-	-	980,359	62,456	63,179	36,444
Accounting fees	-	-	-	-	-	-	-	-	-	-
Bad debt expense	406	82	-	-	2,868	2,771	-	-	-	-
Bank and credit card fees	-	-	-	-	-	-	8	-	-	-
Bus passes	-	-	-	50	-	-	1,629	-	-	-
Conferences and meetings	-	-	-	11	-	-	498	-	-	17
Consultant	-	-	-	-	-	-	706	59,850	-	6,150
Consultant-IT	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Depreciation	4,998	12,377	348	1,019	6,141	8,377	6,792	254	6,777	-
Dues and subscriptions	-	-	-	287	-	-	332	60	90	575
Equipment rental	-	-	-	2,141	-	-	5,605	122	172	2,104
Evaluation and monitoring	-	-	-	-	-	-	3	-	-	-
In-kind cost	-	-	-	-	-	-	200	-	-	-
Insurance	-	-	-	8,804	-	-	38,587	99	364	2,231
Interest expense	-	-	-	-	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-	-	-	-	-
Licenses	-	-	-	740	-	-	620	-	155	334
Maintenance and repairs	-	2	-	1,232	-	-	4,545	15	50	14,641
Meals and entertainment	-	-	-	41,185	-	-	2,083	-	-	-
Mileage	-	-	-	-	-	-	1,324	-	-	-
Miscellaneous	-	-	-	-	-	-	6	-	-	-
Office expense	-	-	-	543	-	-	17,578	-	412	3,919
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-
Parking and other occupancy	-	-	-	1,932	-	-	1,533	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Printing and copying	-	-	-	110	-	-	822	2	6	17
Program supplies	-	-	-	9,574	-	-	13,881	840	237	10,889
Promotional expenses	-	-	-	-	-	-	-	-	-	-
Property management fees	-	-	-	-	-	-	-	-	-	2,050
Property taxes	-	-	-	33	-	-	44	-	4	-
Real estate taxes	-	-	-	-	-	-	-	-	-	-
Recruiting fees	-	-	-	-	-	-	-	17,500	-	-
Shipping and postage	-	-	-	-	-	-	797	-	13	-
Space cost (rent)	-	-	-	57,858	-	-	101,221	-	-	-
Special events	-	-	-	-	-	-	183	-	-	0
Subcontractor expense	-	-	-	-	-	-	-	-	-	-
Telephone - cellular	-	-	-	2,608	-	-	11,301	227	764	736
Telephone - landline	-	-	-	1,210	-	-	8,215	194	424	307
Temporary financial assistance	-	-	-	-	-	-	7,135	-	-	-
Temporary help	-	-	-	2,134	-	-	-	-	48,698	-
Training - clients	-	-	-	-	-	-	-	-	-	-
Training - staff	-	-	-	500	-	-	4,207	29	87	815
Travel	-	-	-	-	-	-	395	-	-	1
Uniforms	-	-	-	-	-	-	1,302	-	-	-
Utilities	-	-	-	4,379	-	-	4,155	-	-	18,305
Vehicle expense	-	-	-	-	-	-	60,005	-	-	3,147
Total 2022 functional expenses	5,405	12,462	348	440,637	9,009	11,148	1,463,952	162,576	138,403	117,883

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For The Year Ended June 30, 2022

	Housing Development	Total Program
Personnel expenses		
Salaries and wages	\$ -	\$ 19,212,605
Paid time off (PTO)	-	2,684,812
Payroll taxes and benefits	-	5,294,471
Total personnel expenses	<u>-</u>	<u>27,191,887</u>
Accounting fees	-	20
Bad debt expense	-	30,935
Bank and credit card fees	-	24,360
Bus passes	-	58,835
Conferences and meetings	-	65,557
Consultant	-	767,736
Consultant-IT	-	7,667
Contributions	500,000	500,000
Depreciation	-	770,967
Dues and subscriptions	-	109,728
Equipment rental	-	203,712
Evaluation and monitoring	-	93,697
In-kind cost	-	324,543
Insurance	-	1,026,290
Interest expense	-	32,382
Legal fees	-	816
Licenses	-	205,253
Maintenance and repairs	-	1,078,856
Meals and entertainment	-	3,099,960
Mileage	-	27,153
Miscellaneous	-	45,371
Office expense	-	566,396
Organizational (Corp) Expense	-	7
Parking and other occupancy	-	355,183
Penalties	-	890
Printing and copying	-	17,534
Program supplies	-	2,661,896
Promotional expenses	-	29,655
Property management fees	-	76,210
Property taxes	-	2,451
Real estate taxes	-	7,897
Recruiting fees	-	79,268
Shipping and postage	-	22,368
Space cost (rent)	-	10,111,336
Special events	-	32,119
Subcontractor expense	-	2,947,606
Telephone - cellular	-	327,500
Telephone - landline	-	286,725
Temporary financial assistance	-	10,282,350
Temporary help	-	1,252,297
Training - clients	-	321,710
Training - staff	-	149,786
Travel	-	80,266
Uniforms	-	154,770
Utilities	-	1,044,132
Vehicle expense	-	347,932
Total 2022 functional expenses	<u>500,000</u>	<u>66,824,008</u>

SINGLE AUDIT REPORTS AND SCHEDULES

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

Board of Directors
United States Veterans Initiative and Subsidiaries
Los Angeles, California

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 United States Veterans Initiative and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, 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 December 13, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Armanino^{LLP}
Los Angeles, California

December 13, 2022

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

Board of Directors
United States Veterans Initiative and Subsidiaries
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United States Veterans Initiative and Subsidiaries (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Los Angeles, California

December 13, 2022

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2022

Federal Grantor Agency/ Pass-Through Grantor/ Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
FEDERAL AWARDS						
US Department of Agriculture						
Child and Adult Care Food Program						
Hawaii - Waianac	1305-6	10.558	10/01/20 - 09/30/21	50,000	\$ 1,725	\$ -
	1305-6	10.558	10/01/19 - 09/30/20	50,000	10,609	-
					<u>12,334</u>	<u>-</u>
US Department of Housing and Urban Development						
Continuum of Care Program						
Inglewood	CA0520L9D001811	14.267	08/01/19 - 07/31/20	295,315	18,172	
	CA0520L9D001812	14.267	10/01/20 - 07/31/21	295,315	283,331	
	CA0520L9D001812	14.267	08/01/20 - 09/30/21	1,077,658	285,397	
Riverside	CA1143L9D091807	14.267	10/01/19 - 09/30/20	1,178,804	884,595	
	CA1143L9D091807	14.267	10/01/20 - 09/30/21	122,854	117,892	
Houston - Midtown	E-20-DW-48-0001	14.267	07/23/20 - 07/21/21	1,193,927	66,975	
	E-20-DW-48-0001	14.267	07/23/20 - 07/31/21		18,036	
Hawaii	HI0086L9C011802	14.267	11/01/19 - 10/31/20	1,330,296	963,568	
	HI0086L9C011802	14.267	11/01/19 - 10/31/20		293,376	
Las Vegas	NV0014L9T001910	14.267	04/01/20 - 03/31/21	549,334	440,945	
	NV0014L9T001910	14.267	04/01/20 - 03/31/21	411,259	86,210	
	NV0014L9T001910	14.267	04/01/20 - 03/31/21	539,788	276,373	73,709
	NV0014L9T001910	14.267	04/01/20 - 03/31/21	545,088	120,166	40,972
					<u>3,855,036</u>	<u>114,681</u>
Passed Through City of Long Beach	CA0651U9D062013	14.267	07/01/21 - 06/30/22	298,665	240,332	
	CA0625U9D062013	14.267	07/01/21 - 06/30/22	437,082	302,120	
	CA1518U9D062005	14.267	07/01/21 - 06/30/22	368,158	279,798	
	CA0622U9D062013	14.267	07/01/21 - 06/30/22	254,084	208,614	
Passed Through The Community Partnership	DC0027L3G002013	14.267	03/01/21 - 02/28/22	124,534	76,075	
	DC0027L3G002013	14.267	03/01/22 - 08/31/22	44,958	28,120	
Passed Through State of Arizona	AZ0022L9T0011912/517-21	14.267	12/01/20 - 11/30/21	146,046	56,474	
	AZ0197L9T001901/516-21	14.267	12/01/20 - 11/30/21	335,349	120,248	
	AZ0197L9T001901/516-21	14.267	12/01/20 - 11/30/21		10,675	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22	345,813	80,815	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		6,129	
	AZ0022L9T002013/515-22	14.267	12/01/21 - 11/30/22	164,096	81,759	
					<u>1,491,159</u>	<u>-</u>
Pass Through Los Angeles Homeless Service Authority	AD-BH-EOA-006-01	14.267	09/01/21 - 08/31/22	109,500	108,330	
	AD-BH-EW-007-01	14.267	09/01/21 - 08/31/22	328,500	323,663	
					<u>431,993</u>	<u>-</u>
Pass-Through- Arizona Department Of Housing	AZ0022L9T0011912/517-21	14.267	12/01/20 - 11/30/21	10,223	8	
	AZ0197L9T001901/516-21	14.267	12/01/20 - 11/30/21	23,167	4,928	
	AZ0197L9T001901/516-21	14.267	12/01/20 - 11/30/21		1,301	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22	24,207	11,966	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		1,013	
	AZ0022L9T002013/515-22	14.267	12/01/21 - 11/30/22	11,487	5,723	
					<u>24,939</u>	<u>-</u>
Emergency Solutions						
Texas Department of Housing and Community	E-20-DW-48-0001	14.231	07/23/20 - 06/21/22	-	59,779	
	E-20-DW-48-0001	14.231	07/23/20 - 07/31/21	-	(10,114)	
					<u>49,665</u>	<u>-</u>
					<u>5,852,792</u>	<u>114,681</u>
US Department of Labor						
Homeless Veterans Reintegration Project						
	HV-35249-20-60-5-6	17.805	07/01/21 - 06/30/22	194,536	194,536	
	HV-33814-19-60-5-4	17.805	07/01/21 - 06/30/22	216,000	216,000	
	SD-36793-21-60-5-4	17.805	07/01/21 - 09/30/21	10,000	9,095	
	HV-33825-19-60-5-11	17.805	07/01/20 - 06/30/21	309,000	14,983	
	HV-33825-19-60-5-11	17.805	07/01/21 - 06/30/22	309,000	309,000	
	HV-33362-19-60-5-48	17.805	07/01/21 - 06/30/22	250,000	250,000	
	HV-33949-19-60-5-15	17.805	07/01/20 - 06/30/21	275,000	37,913	
	HV-33294-19-60-5-15	17.805	07/01/21 - 06/30/22	200,000	171,122	
	HV-33949-19-60-5-15	17.805	07/01/21 - 06/30/22	275,000	275,000	
	HVRP FOA-VETS-21-01	17.805	07/01/21 - 06/30/22	323,000	323,000	
					<u>1,800,649</u>	<u>-</u>

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2022

Federal Grantor Agency/ Pass-Through Grantor/ Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
US Department of Veterans Affairs						
VA Homeless Providers Grant and Per Diem Program						
Inglewood	USVI752-1579-691-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	2,793,050	
	USVI752A8-1143-691-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	53,218	
	USVI752A8-2330-691-CM-22	64.024	10/01/20 - 09/30/22	Cost Reimbursement	167,951	
	USVI752- 1579-691-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	769,735	
Long Beach	20-333-CA	64.024	10/01/20 - 09/30/21	Per Diem	26,924	
	USVI752-1554-600-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	911,291	
	USVI752-1554-600-PD-22	64.024	10/01/21 - 09/30/22	Per Diem	2,862,550	
	USVI752A2-1137-600-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	25,090	
	USVI752A2-2331-600-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	53,568	
Prescott	USVI752-1564-649-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	583,428	
	USVI752-1564-649-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	1,747,961	
	USVI752A7-1142-649-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	22,652	
	USVI752A7-2305-649-CM-22	64.024	10/01/20 - 09/30/23	Cost Reimbursement	93,447	
	USVI752-1563-649-SC-21	64.024	10/01/20 - 09/30/21	Per Diem	5,164	
	USVI752-1563-649-SC-21	64.024	10/01/21 - 09/30/22	Per Diem	3,846	
	USVI752A7-1650-649-TP-21	64.024	10/01/20 - 09/30/23	Per Diem	399,711	
	USVI752A7-2470-649-SN-22	64.024	10/01/21 - 09/30/24	Per Diem	213,275	
Las Vegas	USVI752-1542-593-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	716,954	
	USVI752-1542-593-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	2,798,331	
	USVI752A1-1136-593-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	77,125	
	USVI752A1-1643-593-TP-21	64.024	10/01/20 - 09/30/21	Per Diem	114,994	
	USVI752A1-1643-593-TP-21	64.024	10/01/20 - 09/30/23	Per Diem	395,336	
	USVI752A1-2216-593-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	210,780	
Houston - Midtown	20-315-TX	64.024	10/01/20 - 09/30/21	Per Diem	50,317	
	USVI752-1455-580-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	434,394	
	USVI752-1455-580-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	1,932,608	
	USVI752A6-1141-580-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	23,394	
	USVI752A6-2349-580-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	53,353	
	USVI752A6-2403-580-SN-22	64.024	10/01/21 - 09/30/24	Per Diem	94,585	
Houston	USVI752-1454-580-SC-21	64.024	10/01/20 - 09/30/21	Per Diem	74,172	
	USVI752-1454-580-SC-21	64.024	10/01/21 - 09/30/22	Per Diem	209,679	
Hawaii - Barbers Point	USVI752A3-2498-459-SN-22	64.024	10/01/21 - 09/30/24	Per Diem	63,116	2,800
	USVI752-1519-459-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	561,976	2,080
	USVI752-1519-459-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	1,773,309	30,004
	USVI752A3-1138-459-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	80,439	
	USVI752A3-1138-459-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	176,119	
Hawaii - WCC	USVI752-1519-459-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	43,595	
	USVI752-1519-459-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	163,475	
Washington D.C.	USVI752-1286-688-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	353,477	
	USVI752-1286-688-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	987,355	
	USVI752A4-1139-688-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	18,672	
	USVI752A4-2314-688-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	62,816	
Phoenix	USVI752-1561-644-PD-21	64.024	10/01/20 - 09/30/21	Per Diem	1,044,124	
	USVI752-1561-644-PD-21	64.024	10/01/21 - 09/30/22	Per Diem	2,898,964	
	USVI752A5-1140-644-CM-20	64.024	10/01/19 - 09/30/21	Cost Reimbursement	71,012	
	USVI752A5-2227-644-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement	221,008	
	USVI752A5-2484-644-SN-22	64.024	10/01/21 - 09/30/22	Per Diem	128,211	
	USVI752A5 7-1648-644-TP-21	64.024	10/01/20 - 09/30/23	Per Diem	333,286	
					26,899,837	34,884
VA Supportive Services for Veteran Families Program						
Inglewood	18-CA-008	64.033	12/01/20 - 11/30/21	3,050,666	391,309	
	18-CA-008	64.033	12/01/21 - 06/30/22	2,871,363	2,871,363	
	18-CA-008SS	64.033	09/01/21 - 09/30/23	2,110,687	137,779	
Riverside	18-CA-008	64.033	12/01/20 - 11/30/21	795,639	122,209	
	18-CA-008	64.033	12/01/21 - 06/30/22	855,707	855,707	
	18-CA-008SS	64.033	09/01/21 - 09/30/23	1,136,524	51,873	
Long Beach	18-CA-354	64.033	12/01/20 - 10/31/21	2,189,872	742,635	
	18-CA-354	64.033	11/30/21 - 07/31/22	1,217,959	1,091,505	
	18-CA-354SS	64.033	09/01/21 - 09/30/23	1,232,520	74,916	
Las Vegas	20-NV-056	64.033	12/01/20 - 11/30/21	2,982,623	1,284,616	
	20-NV-056	64.033	12/01/21 - 08/31/22	2,640,162	2,361,361	
	20-NV-056SS	64.033	09/01/21 - 09/30/23	2,518,055	115,202	
Houston - Midtown	19-TX-288	64.033	10/01/21 - 09/30/22	767,406	478,977	

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2022

Federal Grantor Agency/ Pass-Through Grantor/ Location	Contract Number	Assistance		Program Award	Program Expenditures	Pass-through to Sub-recipients
		Listing	Contract Period			
Hawaii - Barbers Point	19-TX-288SS	64.033	09/01/21 - 09/30/23	668,603	37,369	
	18-HI-190	64.033	11/01/20 - 10/31/21	2,854,632	748,543	32,488
	18-HI-190	64.033	11/01/21 - 06/30/22	1,916,138	1,916,138	126,869
	N/A	64.033	02/01/21 - 04/30/22	870,000	634,866	
Phoenix	S20-HI-501	64.033	10/01/19 - 05/31/23	1,500,000	142,727	
	20-AZ-159	64.033	12/01/21 - 08/31/22	2,912,980	2,427,077	639,691
	20-AZ-159SS	64.033	09/01/21 - 09/30/23	1,691,956	14,981	-
US Vets-Arizona	19-TX-288	64.033	11/01/20 - 09/30/21	791,957	226,660	-
	20-AZ-159	64.033	02/01/21 - 11/30/21	3,058,629	1,851,276	518,630
					<u>18,579,089</u>	<u>1,317,678</u>
Total Department of Veterans Affairs					<u>45,478,926</u>	<u>1,352,562</u>
US Department of Justice						
Arizona Dept. Of Public Safety	2018-V2-GX-0012	16.575	10/01/20 - 09/30/21	163,603	31,340	
	2019-V2-GX-0041	16.575	10/01/20 - 09/30/21	92,840	14,157	
	VOCA-2021-VETS-00124	16.575	10/01/20 - 09/30/21	100,806	20,100	
	2020-V2-GX-0054	16.575	10/01/21 - 09/30/22	104,254	67,085	
	2019-V2-GX-0041	16.575	10/01/21 - 09/30/22	95,373	72,823	
	2018-V2-GX-0012	16.575	10/01/21 - 09/30/22	171,711	96,067	
				Total Department of Justice	<u>301,572</u>	
Emergency Food & Shelter Program						
	PHASE CARES	97.024	11/01/20 - 07/15/21	95,700	4,300	
	Phase 38	97.024	11/01/20 - 07/15/22	65,750	65,750	
	Phase 39	97.024	11/01/21 - 04/30/23	60,000	60,000	
	APPR-R	97.024	11/01/21 - 04/30/23	250,000	10,305	
	ARPAR 083000-120	97.024	11/01/21 - 04/30/23	27,160	2,448	
				Total Department of Homeland Security	<u>142,803</u>	-
US Department of Treasury						
County of Riverside - ARPA	2022-0154814	21.027	03/31/22 - 07/01/77	1,900,000		
			Total Department of Treasury	<u>-</u>	<u>-</u>	
Total Federal Awards					<u>53,589,076</u>	<u>1,467,243</u>
STATE PROGRAMS						
Arizona Dept. Of Economic Security	DES HMLS 2A35	N/A	02/01/21 - 02/28/22	111,603	66,658	
	DES HMLS 2A35	N/A	02/01/21 - 02/28/22		10,900	
	DES-HMLS-2A30	N/A	02/01/21 - 01/31/22	155,000	160,959	
	DES HMLS 2B29	N/A	03/01/21 - 09/30/22	179,757	120,422	
	DES- HMLS-24	N/A	07/01/20 - 12/31/21	232,965	7,777	
	DES- HMLS-24	N/A	07/01/20 - 12/31/21		3	
	ADES16-137925	N/A	07/01/21 - 06/30/22	78,323	52,408	
	GDAAS-2022-005	N/A	01/01/22 - 06/30/22	75,000	75,000	
	ADES18-206224	N/A	07/01/21 - 06/30/22	43,233	43,233	
					<u>537,359</u>	-
State of Texas	GT-VMH21-020	N/A	07/01/21 - 06/30/22	300,000	226,468	
	FVA21-054	N/A	07/01/21 - 06/30/22	250,000	210,469	
				<u>436,937</u>	-	
State Homeless Shelter Program						
State of Hawaii	DHS-21-HPO-0093	N/A	06/27/21 - 06/26/22	2,000,000	1,994,916	165,750
	DHS-21-HPO-0093-SA02	N/A	06/27/22 - 06/26/23	2,000,000	9,397	
	DHS-20-HPO-0081-SA01	N/A	06/15/21 - 06/14/22	125,000	124,072	
	DHS-22-HPO-0006	N/A	06/15/21 - 06/14/22	550,000	550,000	
	DHS-21-HPO-0029-SA02	N/A	07/01/21 - 06/30/22	1,794,456	1,794,456	
	DHS-21-HPO-0029-SA03	N/A	07/01/22 - 06/30/23	1,794,456	213,750	
				<u>4,686,591</u>	<u>165,750</u>	
Total State Awards					<u>5,660,887</u>	<u>165,750</u>

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2022

Federal Grantor Agency/ Pass-Through Grantor/ Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
LOCAL PROGRAMS						
City & County Of Honolulu - Housing First	CT-DCS-2200090	N/A	07/01/21 - 06/30/22	250,000	42,761	
	CT-DCS-1600281	N/A	11/16/16 - 12/15/21	2,320,000	2,320,000	999,155
	CT-DCS-2100148	N/A	06/01/22 - 05/30/23	2,320,000	81,969	81,969
					<u>2,444,729</u>	<u>1,081,124</u>
City Of Moreno Valley	E-20-MW-06-0567	N/A	01/21/20 - 06/30/22	129,553	5,696	
	E-20-MW-06-0567	N/A	01/21/20 - 06/30/22		2,038	
					<u>7,734</u>	
City Of Phoenix - Cdbg Covid-19	CITY OF PHOENIX	N/A	07/01/20 - 06/30/21	50,000	8,852	
					<u>8,852</u>	
City Of Riverside	21-26-085-00	N/A	07/01/21 - 06/30/22	48,665	48,613	
					<u>48,613</u>	
State of Az		N/A	01/31/22 - 09/30/22	25,000	25,000	
					<u>25,000</u>	<u>-</u>
Pass-through LAHSA	2021BHA27	N/A	05/07/21 - 06/30/22	678,899	634,137	
	AD-BH-ABH-020-01	N/A	04/01/20 - 07/30/21		1,782,134	
					<u>2,416,270</u>	<u>-</u>
				Total Local Awards	<u>4,951,199</u>	<u>1,081,124</u>
FEE FOR SERVICE CONTRACTS - FEDERAL						
U.S. Department Of Veterans Affairs-Hoptel	36C26119D0003	80	10/01/20 - 09/30/21	Per Diem	52,105	
	36C26121D0021	80	02/02/21 - 02/01/22	Per Diem	51,776	47,810
	36C26118D0099	80	09/30/20 - 09/29/21	Per Diem	31,770	-
	36C26121D0021	80	02/02/21 - 02/01/22	Per Diem	90,032	-
	36C26121D0021	80	02/02/21 - 02/01/22	Per Diem	109,533	-
	36C26121D0021	80	10/01/20 - 09/30/21	Per Diem	61,391	48,415
	36C26118D0100	80	10/01/20 - 09/30/21	Per Diem	20,071	11,334
	36C26120D0030	80	02/02/21 - 02/01/22	Per Diem	59,054	
					<u>475,732</u>	<u>107,559</u>
U.S. Department of Veterans Affairs-VALLHS	21-26-085-00	N/A	07/01/21 - 06/30/22	814,406	93,564	
					<u>93,564</u>	<u>-</u>
FEE FOR SERVICE CONTRACTS - STATE						
Easter Seals Of Greater Houston	HHS000329700010	N/A	11/01/19 - 08/31/21	210,000	9,113	
	HHS000329700010	N/A	07/01/21 - 06/30/22	210,000	26,670	
					<u>35,784</u>	<u>-</u>
Yavapai County - Re-Entry Housing -21-22	Yavapai County	N/A	12/01/21 - 06/30/22		679	
County Of Orange - Health Care Agency	100-042-042 -2120-1900	N/A	01/01/19 - 06/30/21	399,980	399,980	
Los Angeles County Department Of Health Services 20-21	166-HFH-ICMS	N/A	07/01/21 - 06/30/22		43,200	
CAL VET (County of LA, DMVA)	County of LA	N/A	07/01/21 - 06/30/22	120,850	120,850	
CVC	N/A	N/A	07/01/20 - 06/30/21		(9,670)	902
					<u>555,039</u>	<u>902</u>
				Total Fee for Service Contracts	<u>1,160,118</u>	<u>108,461</u>
				TOTAL NON-FEDERAL AWARDS	<u>11,772,204</u>	<u>1,355,334</u>
				GRAND TOTAL	<u>65,361,279</u>	<u>2,822,577</u>

United States Veterans Initiative and Subsidiaries
Notes to Schedule of Expenditures of Federal and Non-Federal Awards
June 30, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and non-federal awards (the "Schedule") includes the federal and non-federal award activity of United States Veterans Initiative and Subsidiaries (the "Organization") under programs of the federal and other government agencies for the year ended June 30, 2022, as well as federal contracts and state and local awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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 limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. PASS-THROUGH TO SUB-RECIPIENTS

The following list includes sub-recipients and expenditure amounts of amounts under Federal awards in the Assistance Listing as of June 30, 2022:

14.267 - Continuum of Care Program Career and Recovery Resources, Inc.	<u>\$ 114,681</u>
64.033 - Supportive Services for Veteran Families Program Hope Services Hawaii, Inc.	99,998
Ka Mana O Na Helu	20,359
Legal Aid Society of Hawaii	39,000
UMOM New Day Centers Inc.	<u>1,158,321</u>
	<u>1,317,678</u>
64.024 - VA Homeless Providers Grant and Per Diem Program Honolulu Community Action Program	2,800
Psychological Wellness Services of Hawaii	29,153
Na Kahu Malama Nurses, Inc.	<u>2,932</u>
	<u>34,885</u>
	<u>\$ 1,467,244</u>

4. OTHER INFORMATION

U.S. VETS did not receive federal insurance, loans, or non-cash assistance during the year ended June 30, 2022.

United States Veterans Initiative and Subsidiaries
Notes to Schedule of Expenditures of Federal and Non-Federal Awards
June 30, 2022

5. INDIRECT COST RATE

U.S. VETS has elected not to use the 10% de minimis indirect cost rate for federal awards. U.S. VETS applies indirect costs in accordance with the specific terms of its federal award agreements.

United States Veterans Initiative and Subsidiaries
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Department of Veteran Affairs Supportive Services for Veteran Families (SSVF) Program	64.033
Department of Housing and Urban Development's Continuum of Care (COC) Program	14.267
Department of the Treasury's Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs	\$1,607,672
Auditee qualified as low-risk auditee?	Yes

United States Veterans Initiative and Subsidiaries
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

United States Veterans Initiative and Subsidiaries
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

There were no prior year findings.