United States Veterans Initiative and Subsidiaries

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

June 30, 2023
(With Comparative Totals for 2022)

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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, 2023, 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, 2023, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 31 - 35 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 21, 2023, 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.

Report on Summarized Comparative Information

We have previously audited United States Veterans Initiative's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

Armanino LLP
Los Angeles, California

December 21, 2023

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 2,231,398	$ 12,028,791
Accounts receivable	14,624,419	10,416,862
Pledges receivable, net (Note 3)	10,997,437	1,901,457
Prepaid expenses and other assets (Notes 4 and 9)	1,585,099	1,227,953
Notes receivable	1,264,144	1,491,717
Restricted cash	23,057,779	-
Pledges for long-term purposes, net	42,938,727	-
Property and equipment, net (Note 5)	33,293,200	23,995,602
Operating lease right-of-use assets (Note 5)	13,115,234	-
Finance lease right-of-use assets (Note 5)	1,021,815	-
Total assets	$ 144,129,252	$ 51,062,382
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 10,758,789	$ 9,338,560
Line of credit (Note 8)	2,000,000	3,000,000
Contract liabilities (Note 2)	3,971,358	1,657,291
Other deferred liability (Note 12)	80,085	52,661
Capital leases (Note 11)	-	495,405
Forgivable debt (Note 9)	1,900,000	1,900,000
Conditional promises to give (Note 10)	583,000	583,000
Operating lease liabilities (Note 10)	13,162,155	-
Finance lease liabilities (Note 10)	275,157	-
Total liabilities	32,730,544	17,026,917
Net assets		
Without donor restrictions	18,353,485	18,827,113
With donor restrictions (Note 14)	93,045,223	15,208,352
Total net assets	111,398,708	34,035,465
Total liabilities and net assets	$ 144,129,252	$ 51,062,382

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, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenues, gains and other support				
Grant and contract revenue	$ 72,688,810	$ -	$ 72,688,810	$ 65,361,277
Contributions	4,089,054	86,861,095	90,950,149	23,356,192
United Way of CFC contributions	100,241	-	100,241	598,024
In-kind contributions (Note 13)	259,463	-	259,463	342,403
Program service fees	1,677,298	-	1,677,298	1,637,317
Rent income	2,389,825	-	2,389,825	2,357,723
Other revenue	625,619	-	625,619	959,025
Interest and dividend income	360,746	-	360,746	-
Gross profit on gross sales	112,321	-	112,321	105,895
Total revenues, gains and other support	82,303,377	86,861,095	169,164,472	94,717,856
Net assets released from restriction	9,024,224	(9,024,224)	-	-
Total revenues, gains and other support	91,327,601	77,836,871	169,164,472	94,717,856
Functional expenses				
Program services	75,945,189	-	75,945,189	66,824,008
Support services				
Management and general	12,370,364	-	12,370,364	10,087,030
Fund development	3,485,676	-	3,485,676	2,957,463
Total support services	15,856,040	-	15,856,040	13,044,493
Total functional expenses	91,801,229	-	91,801,229	79,868,501
Non-operating				
Losses on disposals of property and equipment	-	-	-	109,253
Total non-operating	-	-	-	109,253
Change in net assets	(473,628)	77,836,871	77,363,243	14,740,102
Net assets, beginning of year	18,827,113	15,208,352	34,035,465	19,295,363
Net assets, end of year	$ 18,353,485	$ 93,045,223	$111,398,708	$ 34,035,465

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, 2023
(With Comparative Totals for 2022)

	Program Services	Management and General	Fund Development	2023 Total	2022 Total
Personnel expenses					
Salaries and wages	$ 21,879,789	$ 5,712,908	$ 1,126,647	$ 28,719,344	$ 25,341,357
Paid time off (PTO)	2,687,255	734,566	127,005	3,548,826	3,337,002
Payroll taxes and benefits	5,789,903	1,352,764	277,165	7,419,832	6,827,713
Total personnel expenses	30,356,947	7,800,238	1,530,817	39,688,002	35,506,072
Accounting fees	966	162,733	-	163,699	123,210
Amortization	-	178,333	-	178,333	178,333
Bad debt expense	236,521	-	497	237,018	30,935
Bank and credit card fees	24,697	79,454	27,205	131,356	91,846
Bus passes	51,854	7,762	-	59,616	66,607
Conferences and meetings	78,068	36,355	61,127	175,550	106,746
Consulting fees	839,861	281,906	358,635	1,480,402	1,359,770
Consultants - IT	1,134	705,075	66,412	772,621	701,998
Contributions	-	-	-	-	500,000
Depreciation	812,966	542,205	220,096	1,575,267	1,213,579
Dues and subscriptions	84,395	146,352	43,428	274,175	256,557
Equipment rental	206,956	23,233	5,379	235,568	230,940
Evaluation and monitoring	20,268	-	-	20,268	94,094
In-kind cost	222,102	-	37,360	259,462	342,403
Insurance	1,438,276	26,870	29,669	1,494,815	1,068,055
Interest expense	24,351	681	46	25,078	85,564
Legal fees	10,424	636,842	860	648,126	498,104
Licenses	196,609	214,543	1,518	412,670	279,245
Maintenance and repairs	1,140,913	7,638	42,693	1,191,244	1,129,997
Meals and entertainment	3,612,725	266	77,378	3,690,369	3,154,917
Mileage	31,368	7,039	7,736	46,143	29,786
Miscellaneous	3,371,071	350,778	50,785	3,772,634	72,821
Office expense	514,210	56,909	74,900	646,019	667,143
Organizational (CORP) expense	-	13,297	-	13,297	13,688
Parking and other occupancy	284,291	67,691	27,137	379,119	425,061
Penalties	8,578	-	6	8,584	3,165
Printing and copying	23,034	751	44,017	67,802	42,219
Program supplies	1,617,605	711	75,569	1,693,885	2,734,972
Promotional expenses	29,587	-	67,229	96,816	89,462
Property management fees	108,347	648	201	109,196	76,210
Property taxes	2,964	-	-	2,964	2,648
Real estate taxes	7,670	-	656	8,326	7,897
Recruiting fees	1,279	223,734	6,564	231,577	350,177
Shipping and postage	43,315	27,865	14,303	85,483	56,210
Space cost (rent)	10,436,644	447,491	40,084	10,924,219	10,478,518
Special events	103,470	286	450,663	554,419	254,515
Subcontractor expense	3,677,323	-	-	3,677,323	2,948,508
Telephone - cellular	338,057	26,085	11,401	375,543	364,294
Telephone - landline	285,388	41,009	14,632	341,029	328,435
Temporary financial assistance	12,178,668	-	6,799	12,185,467	10,294,767
Temporary help	1,532,577	3,578	952	1,537,107	1,265,715
Training - clients	114,553	158	225	114,936	322,710
Training - staff	140,683	14,098	3,853	158,634	169,066
Travel	120,687	234,917	59,005	414,609	272,928
Uniforms	106,607	95	2,316	109,018	167,574
Utilities	1,146,031	2,738	21,447	1,170,216	1,062,130
Vehicle expense	361,149	-	2,076	363,225	348,910
Total 2023 functional expenses	$ 75,945,189	$ 12,370,364	$ 3,485,676	$ 91,801,229	
Total 2022 functional expenses	$ 66,824,008	$ 10,087,030	$ 2,957,463		$ 79,868,501

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, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 77,363,243	$ 14,740,102
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Loss on sale of property and equipment	-	109,253
Depreciation and amortization	1,575,267	1,213,579
Reduction in right-of-use assets - operating	6,164,250	-
Amortization of notes receivable	178,333	178,333
Gain from lease termination	(19,873)	-
Contributions for capital projects	(75,099,249)	(6,996,632)
Changes in operating assets and liabilities		
Accounts receivable	(4,207,557)	174,712
Pledges receivable, net	(9,095,980)	847,122
Prepaid expenses and other assets	(357,146)	(158,841)
Accounts payable and accrued liabilities	1,420,229	772,402
Contract liabilities	2,314,067	349,410
Other deferred liability	27,424	(89,150)
Conditional promises to give	-	(7,457,996)
Operating lease liabilities	(6,097,456)	-
Net cash provided by (used in) operating activities	(5,834,448)	3,682,294
Cash flows from investing activities		
Collection of principal on note receivable	102,573	96,614
Purchases of property and equipment	(11,948,013)	(6,071,540)
Proceeds from sale of property and equipment	-	175,000
Net cash used in investing activities	(11,845,440)	(5,799,926)
Cash flows from financing activities		
Principal payments on note payable (Paycheck Protection Program)	-	(2,041,897)
Right-of-use liability principal payments	(220,248)	-
Payments on capital lease	-	(210,601)
Borrowings under line of credit	2,000,000	4,750,000
Payments on line of credit	(3,000,000)	(3,250,000)
Proceeds from forgivable debt	-	1,900,000
Contributions received for capital projects	32,160,522	6,996,632
Net cash provided by financing activities	30,940,274	8,144,134
Net increase in cash, cash equivalents and restricted cash	13,260,386	6,026,502
Cash, cash equivalents and restricted cash, beginning of year	12,028,791	6,002,289
Cash, cash equivalents and restricted cash, end of year	$ 25,289,177	$ 12,028,791

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, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 2,231,398	$ 12,028,791
Restricted cash	23,057,779	-
	$ 25,289,177	$ 12,028,791

Supplemental disclosure of cash flow information

	2023	2022
Cash paid during the year for interest	$ 25,078	$ 85,564

Supplemental schedule of noncash investing and financing activities

	2023	2022
Receipt of land and building for development	$ -	$ 2,481,588
Operating lease right-of-use assets obtained in exchange for lease liabilities	$ 21,253,509	$ -
Finance lease right-of-use assets obtained in exchange for lease liabilities	$ 1,109,436	$ -
Operating lease right-of-use assets obtained in exchange for lease liabilities due to lease modifications	$ 1,045,244	$ -
Property and equipment included in accounts payable	$ 97,680	$ -

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

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 41 residential sites and service centers across 7 states, plus the District of Columbia and Territory of Guam. 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 United States Veterans Initiative for financial reporting purposes.

Programs

During the year ended June 30, 2023, 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 to provide employment opportunities and sell convenience items to residents. The store is a social enterprise project 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.

Chronically Homeless Aspiring for Maintenance Program ("CHAMPS") 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.

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 and/or are in need of additional services for aging or high acuity conditions to obtain and maintain housing.

HOPTEL provides temporary housing to veterans receiving Veterans Affairs ("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 services are provided with Women Vets on Point and is an early-intervention and prevention program focused on digital outreach through a website and social media platforms to reach female veterans who may not be reached through traditional field outreach methods. Suicide Prevention services include community-based outreach and mental health screenings to connect at-risk veterans to services.

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.

1. ORGANIZATION (continued)

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.

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.

Veterans Affairs Supportive Housing ("VASH") provides clinical case management services through a contract with the local VA Medical Center to veterans with a Housing and Urban Development ("HUD") rental assistance voucher residing in 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.

1. ORGANIZATION (continued)

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.

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, 50 bridge beds at the BETterment Community for households experiencing homelessness which opened in April 2023, and 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 460 veteran households in scattered housing throughout the city to include 10 beds for female veterans at Ashley's Place, a two-home complex donated to U.S. VETS which opened in November 2022. A community office in Phoenix also supports programs.

1. ORGANIZATION (continued)

Prescott, Arizona - U.S. VETS provides supportive services to 159 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 to include a donated 5-plex home.

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 985 veteran households are served in scattered and project-based housing throughout the community and on the Islands of Hawaii, Maui, and Kauai and the Territory of Guam.

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 100 veterans in scattered housing throughout the community. This location oversees a community office in Richmond, Virginia serving 100 veteran households and received a contract to operate an emergency bed program in Prince George's County, Maryland to serve 14 veterans which opened in August 2023.

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.

West Los Angeles, CA - U.S. VETS provides services to 59 senior veterans at the West LA VA North Campus in Building 207 which opened in February 2023.

Housing Development Projects

Prescott, AZ – 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 and manage a Historic Rehabilitation of Fort Whipple of 6 Officers' Quarters (24 beds) and 85 new units 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.

1. ORGANIZATION (continued)

San Bernardino, California - The Jewish National Fund donated two vacant land properties in the city of San Bernardino, CA to U.S. VETS. 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"), was selected by the City of Ventura to use the Ventura Veterans Home Development Site to develop 120 affordable housing units (165 beds) for veterans and their families from the Tri-County Area of Ventura County, Santa Barbara, and San Luis Obispo Counties in California. ACOF is the lead developer and U.S. VETS is the co-developer and lead service provider. The project is in the development stage.

West Los Angeles, California - 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 is 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 is the lead service provider buildings operated by TSA, the first of which opened in February 2023. U.S. VETS buildings are in the pre-development stage.

Riverside, California - U.S. VETS is expanding housing on the March Veterans Village campus by adding 44 Comfort Homes and a building with 24 apartments; this project is in pre-development.

Phoenix, Arizona - A new location was secured at a former hotel where renovations are near completion. The program at Grand Veterans Village are expected to move to and expand at this location, named M.D. Hawkins Veterans Center, by December 2023. U.S. VETS – Phoenix, LLC was created for this property.

Houston, Texas - A new 150-unit location has been secured at a former hotel where renovations are near completion. The programs at Midtown Terrace are expected to move to this location, owned by Tunnel To Towers, by December 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting principle

In February 2016, the Financial Accounting Standards Board ("FASB") introduced Accounting Standards Codification ("ASC") 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, on July 1, 2022, the Organization recognized initial operating lease liabilities of $21,265,514, which represents the present value of the remaining operating lease payments, discounted using the risk-free rate and operating lease ROU assets totaling $21,253,509. Additionally, the Organization recognized initial finance lease liabilities totaling $495,405 and a finance lease ROU asset of $1,109,436.

The standard had a material impact on the Organization's statement of financial position as of June 30, 2023, but did not have a material impact on the Organization's statement of activities. The most significant impact was the recognition of operating lease ROU assets and operating lease liabilities on the statement of financial position as of June 30, 2023.

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 building 210, LLC, U.S.VETS - Building 300, LLC, U.S.VETS - MVV Phase 4, 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").

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, 2023, the majority of receivables were due from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

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, 2023. 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, 2023, government contract receivables due from federal and city granting agencies were 69%, and 13%, 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, 2023, one donor represented 96% of pledges receivable.

Approximately 44% of U.S. VETS' revenue and support consisted of government contracts from county, state, and federal granting agencies for the year ended June 30, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

U.S. VETS leases offices, vehicles and equipment under both operating and finance leases. U.S. VETS determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the consolidated statement of financial position. Finance leases are included in property and equipment and other liabilities on the consolidated statement of financial position.

ROU assets represent U.S. VETS' right to use an underlying asset for the lease term and lease liabilities represent U.S. VETS' obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. U.S. VETS' leases provide an implicit rate in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

U.S. VETS' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

U.S. VETS has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise. U.S. VETS has a significant number of residence leases which are typically for 12 months or fewer and then extended on a month-to-month basis (see Note 11).

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:

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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, 2023, contract liabilities totaled $3,971,358.

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 $43,394,496 that have not been recognized in revenue as of June 30, 2023. Qualified expenditures are incurred and invoiced monthly throughout the contract period, many of which extend beyond the year ended June 30, 2023.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023, U.S. VETS received materials and services that totaled $259,463 (See Note 13).

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.

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, 2022, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management has evaluated subsequent events through December 21, 2023, 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 .

3. PLEDGES RECEIVABLE

At June 30, 2023, U.S. VETS had pledges scheduled to be received beyond the next five years. A discount in the amount of $3,056,699 has been recorded for amounts due greater than one year. As of June 30, 2023, net pledges expected to be received were $53,936,164.

Pledges receivable are expected to be received as follows:

Within one year	$ 18,942,721
Within two to five years	37,989,813
Thereafter	60,329
Less: discount on pledges receivable	(3,056,699)
	$ 53,936,164

4. NOTES RECEIVABLE

Notes receivables consisted of the following:

Harris County and Cloudbreak (amortized)	$ 250,000
CAI	1,014,144
	$ 1,264,144

As of June 30, 2023, payments on notes receivable are expected to be received as follows:

Within one year	$ 166,785
Within two to five years	667,140
After five years	430,219
	$ 1,264,144

4. NOTES RECEIVABLE (continued)

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, 2023, Cloudbreak has performed the required activities for the period since inception of the note. The note receivable balance at June 30, 2023 was $250,000, which is net of total accumulated amortization of $2,250,000. For the year ended June 30, 2023, 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, 2023, the balance on the note receivable is $1,014,144.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Buildings	$ 13,227,572
Leasehold improvements	5,229,864
Furniture and equipment	3,138,023
Vehicles	885,666
Computer and software development	2,647,367
Construction in progress	16,819,220
Land	586,980
	42,534,692
Accumulated amortization and depreciation	(9,241,492)
	$ 33,293,200

6. PERMANENT SUPPORTIVE HOUSING PROJECTS

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 July 2022, T2T provided a grant to U.S. VETS in the amount of $72,500,000. The primary goal of this grant 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. This funding is in the form of a six year pledge and, in August 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, and the remaining $12,000,000 for construction cost related to Thomas Safran & Associates and Century Housing buildings.

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 by the end of 2023.

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. Construction is expected to start by December 2023.

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, in May 2022 T2T provided U.S. VETS with a $5,000,000 grant and cash funding and designated $3,500,000 towards construction costs of a former hotel 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 by the end of 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% (7.17% at June 30, 2023). 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, 2023, the balance on the line was $2,000,000.

The line of credit includes financial and nonfinancial covenants. During the year ended June 30, 2023, 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, 2023 was $1,900,000.

10. 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.

Conditional promises to give totaled $583,000 at June 30, 2023.

11. LEASES

In July 2022, the Organization adopted the new lease accounting guidance under ASC 842. The most significant change requires lessees to record the present value of the operating lease payments as right-of-use assets and liabilities on the accompanying statement of financial position. The new guidance continues to require lessees to classify leases between operating and financing leases, formerly "capital leases."

The Organization leases various facilities, vehicles and equipment under operating leases with various terms. As of June 30, 2023, the weighted-average remaining lease term and the weighted average discount rate of the operating leases are 3.57 years and 2.99% respectively.

The Organization leases real property and equipment under finance leases. As of June 30, 2023, the weighted-average remaining lease term and the weighted average discount rate of the finance leases are 1.08 years and 3.99%, respectively.

The components of lease costs and addition lease information are as follows:

Operating lease costs	$ 6,682,905
Variable lease costs	72,184
	6,755,089
Amortization of ROU assets	87,691
Interest on finance lease liabilities	18,425
	$ 6,861,205

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	$ 6,628,115
Operating cash flows from finance leases	220,247
Financing cash flows from finance leases	18,425
	$ 6,866,787

11. LEASES (continued)

Maturities of lease liabilities as of June 30, 2023 are as follows:

Year ending June 30,	Finance Leases	Operating Leases	Total
2024	$ 227,292	$ 5,307,615	$ 5,534,907
2025	56,798	3,627,682	3,684,480
2026	-	2,278,224	2,278,224
2027	-	1,216,121	1,216,121
2028	-	485,676	485,676
Thereafter	-	971,851	971,851
	284,090	13,887,169	14,171,259
Less: discount to present value	(8,933)	(725,014)	(733,947)
	$ 275,157	$ 13,162,155	$ 13,437,312

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 12 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, 2023, U.S. VETS incurred approximately $4.3 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.

12. 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, 2023, revenue recognized for the payable forgiven was $19,150. The balance of the deferred liability as of June 30, 2023 was $33,511 and is included in Other deferred liability on the accompanying statements of financial position.

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

Year ending June 30,	
2024	$ 19,150
2025	14,361
	$ 33,511

13. IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended June 30, 2023 consist of the following:

Professional services	$ 69,983
Food and clothing	189,480
	$ 259,463

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:

	Level 1	Level 2	Level 3	Fair Value
Professional services	$ -	$ 69,983	$ -	$ 69,983
Food and clothing	-	189,480	-	189,480
	$ -	$ 259,463	$ -	$ 259,463

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 were available for the following purposes:

Purpose	Balance at June 30, 2022	Additions	Releases	Balance at June 30, 2023
Program services				
Chronically homeless program (CHAMPS)	$ 91,762	$ 231,812	$ (229,230)	$ 94,344
Career development initiatives (CDI)	436,835	898,618	(824,754)	510,699
Outside the wire program	6,594	180,000	(70,289)	116,305
Permanent housing program	60,402	131,268	(107,157)	84,513
Veterans in progress program (VIP)	1,023,111	1,092,478	(1,058,651)	1,056,938
Long-Term Supportive Housing (LTSH)	2,030,841	1,013,472	(352,622)	2,691,691
Other programs	1,649,437	3,583,274	(2,000,234)	3,232,477
	5,298,982	7,130,922	(4,642,937)	7,786,967
Capital projects				
Housing development projects	9,392,148	63,737,863	(4,076,807)	69,053,204
Housing CIP not yet placed in service	-	9,102,742	-	9,102,742
Supportive services funding for these projects	-	6,889,568	(126,147)	6,763,421
	9,392,148	79,730,173	(4,202,954)	84,919,367
Time restricted				
Leasehold improvements	142,222	-	(53,333)	88,889
Note receivable	375,000	-	(125,000)	250,000
	517,222	-	(178,333)	338,889
	$ 15,208,352	$ 86,861,095	$ (9,024,224)	$ 93,045,223

15. COMMITMENTS AND CONTINGENCIES

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.

15. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings

U.S. VETS is a defendant in a handful of lawsuits. U.S. VETS anticipates entry of a judgment against the Organization imminently following an adverse decision in an arbitration. Based on consultation with legal counsel, U.S. VETS accrued $489,244 in legal costs as of June 30, 2023 which is included in Accounts payable and accrued liabilities on the accompanying statement of financial position. An anomalous case that is unlikely to be repeated, U.S. VETS believes that the claims in the other cases are without merit and U.S. VETS will 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.

16. RELATED PARTY TRANSACTIONS

For the year ended June 30, 2023, U.S. VETS received contributions from management and related parties connected to management of $827,167, which were accounted for in contributions. U.S. VETS also has employee receivables totaling $40,163 as of June 30, 2023, which are included in prepaid expenses and other assets.

17. 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 $440,286 for the year ended June 30, 2023.

18. LIQUIDITY AND AVAILABILITY

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions as of June 30, 2023 consist of the following:

Cash and cash equivalents	$ 2,231,398
Accounts receivable	14,624,419
Pledges receivable, net	10,997,437
	27,853,254
Purpose-restricted net assets	(6,441,442)
Supportive services funding for projects in development	(6,763,421)
	$ 14,648,391

SUPPLEMENTARY INFORMATION

United States Veterans Initiative and Subsidiaries
Consolidated Schedules of Revenue and Support
June 30, 2023

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Grant and contract income			
VA Homeless Providers	$ 26,169,568	$ -	$ 26,169,568
Supportive Services for Veteran Families	24,003,572	-	24,003,572
Other grants	14,893,720	-	14,893,720
Continuum of Care Program	6,057,190	-	6,057,190
Homeless Veterans Reintegration Project	1,564,760	-	1,564,760
	72,688,810	-	72,688,810
Contributions			
Restricted contributions	-	86,861,095	86,861,095
Unrestricted contributions	4,089,054	-	4,089,054
In-kind contributions (Note 11)	259,463	-	259,463
United Way of CFC contributions	100,241	-	100,241
	4,448,758	86,861,095	91,309,853
Other revenue			
Rent income	2,389,825	-	2,389,825
Other revenue	625,619	-	625,619
Program services	1,677,298	-	1,677,298
Interest and Dividend Income	360,746	-	360,746
Gross profit on gross sales	112,321	-	112,321
	5,165,809	-	5,165,809
Net assets released from program restrictions			
Restricted contributions	9,024,224	(9,024,224)	-
Total revenue and support	$ 91,327,601	$ 77,836,871	$ 169,164,472

United States Veterans Initiative and Subsidiaries
Schedule of Program Expenses
For The Year Ended June 30, 2023

	Advance	Aftercare	Business Services	Bridge Housing	Bridge Housing (2)	CDI	Chronically Homeless	Clinical Treatment	Emergency Beds	Emergency Beds - Women	Fathers
Personnel Expenses											
Salaries & Wages	-	707,114	34,913	368,788	256,983	385,491	523,849	-	452,232	183,770	-
Paid Time Off (Pto)	-	86,801	3,769	39,809	34,598	48,004	70,592	-	49,566	19,837	-
Payroll Taxes & Benefits	-	186,312	8,267	87,326	77,350	97,072	155,995	-	107,965	43,515	-
Total Personnel Expenses	-	980,227	46,949	495,923	368,931	530,566	750,435	-	609,763	247,122	-
Accounting Fees	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	6	-	5	18	-
Bank & Cc Fees	-	-	5,237	-	14	-	2,533	-	-	-	-
Bus Passes	-	1,177	-	-	5,200	4,220	3,500	-	1,161	-	-
Clearing	-	-	-	-	-	-	-	-	-	-	-
Conferences & Meetings	-	1,804	-	199	16	2,740	496	-	1,149	-	-
Consultants	-	3,521	-	348	-	23	-	-	13,027	-	-
Consultants - It	-	-	-	-	-	-	-	-	-	-	-
Depreciation	15,236	8,160	60	36,067	9,158	3,898	4,602	31,685	17,578	2,128	1,331
Dues & Subscriptions	-	626	2,776	105	-	7,515	132	-	256	-	-
Equipment Rental & Maintenance	-	5,056	400	4,601	2,615	1,983	3,917	-	5,029	2,641	-
Evaluation & Monitoring Expenses	-	231	-	-	-	438	-	-	-	-	-
In-Kind Cost	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	43,440	9,310	70,583	23,105	13,546	40,674	-	21,500	14,212	-
Interest	-	79	-	-	-	50	-	-	46	-	-
Legal Fees	-	-	-	-	-	-	-	-	-	-	-
Licenses	-	213	6	68	191	6,976	3,620	-	3,706	697	-
Maintenance & Repairs	-	3,170	8,044	16,096	838	685	38,331	-	114,064	806	-
Meals	-	1,115	19,392	94,901	1,520	3,607	44,543	-	556,484	53,958	-
Mileage	-	1,039	-	13	-	587	551	-	44	2	-
Miscellaneous	-	-	-	-	-	326	-	-	1	-	-
Office Expense	-	5,031	120	7,336	23,110	6,696	7,881	-	6,747	3,807	-
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-	-
Parking & Other Occupancy	-	3,982	-	-	-	3	9,489	-	22,742	5,368	-
Penalties	-	-	208	-	-	-	-	-	-	-	-
Printing & Copying	-	532	-	137	54	458	257	-	152	75	-
Program Supplies	-	8,095	2,558	7,522	72,575	17,213	38,073	-	110,314	6,691	-
Promotional Expenses	-	-	-	-	-	-	-	-	-	-	-
Property Mgmt Fees	-	370	-	6,529	-	8,897	-	-	391	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-
Recruiting Fees	-	266	-	75	-	-	-	-	-	-	-
Shipping & Postage	-	195	-	7	17	497	18	-	86	-	-
Space Cost (Rent)	-	91,472	10,296	-	-	15,641	947,191	-	187,359	44,849	-
Special Events	-	390	-	6,593	2,686	228	180	-	353	-	-
Subcontractor Expense	-	-	-	-	40,614	-	131,302	-	-	-	-
Suspense Ap	-	-	-	-	-	-	-	-	-	-	-
Telephone - Cellular	-	11,031	-	9,959	3,396	6,025	7,397	-	6,601	3,582	-
Telephone - Landline	-	7,874	-	5,080	3,718	5,301	15,425	-	8,321	1,634	-
Temp Financial Assistance	-	6,414	-	90,843	1,613	6,068	76,665	-	20	-	-
Temporary Help	-	-	-	37,719	59,494	-	16,971	-	702,920	10,909	-
Training - Clients	-	90	-	-	-	26,486	-	-	-	-	-
Training - Staff	-	4,242	90	1,563	1,755	897	3,450	-	5,617	574	-
Travel	-	394	-	395	-	1,185	89	-	11	-	-
Uniforms	-	54	-	-	-	47,798	820	-	41	112	-
Utilities	-	637	5,399	24,921	3,291	128	100,671	-	85,142	5,287	-
Vehicle Expense	-	65,566	-	3,543	50	-	10,397	-	9,408	-	-
Total 2023 Functional Expenses	15,236	1,256,492	110,845	921,127	623,962	720,682	2,259,615	31,685	2,490,039	404,471	1,331

United States Veterans Initiative and Subsidiaries
Schedule of Program Expenses
For The Year Ended June 30, 2023

	General Services	Health Services	High Barriers	Hoptel	Hospital To Housing	Housing Development - West La Veterans Collective	Long-Term Housing	Long-Term Supportive Housing - Mvv#1	Low Demand	Low Demand (2)	Mental Health
Personnel Expenses											
Salaries & Wages	-	30,941	-	161,243	-	-	19,614	138,594	-	-	484,376
Paid Time Off (Pto)	-	3,340	-	22,180	-	-	2,445	14,961	-	-	56,539
Payroll Taxes & Benefits	-	7,327	-	45,693	-	-	5,217	32,818	-	-	122,568
Total Personnel Expenses	-	41,608	-	229,116	-	-	27,276	186,372	-	-	663,483
Accounting Fees	-	-	-	-	-	-	464	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	-	-	2,131	-	-
Bank & Cc Fees	-	-	-	141	-	-	5,936	-	-	-	-
Bus Passes	-	-	-	80	-	-	-	-	-	-	-
Clearing	-	-	-	-	-	-	-	-	-	-	-
Conferences & Meetings	-	-	-	-	-	-	631	418	-	-	5,996
Consultants	-	27,450	-	-	-	-	5,465	14,148	-	-	3,175
Consultants - It	-	-	-	-	-	-	-	-	-	-	-
Depreciation	2,082	1,255	152	3,245	4,766	-	40,679	341	48,553	5,830	2,076
Dues & Subscriptions	-	-	-	-	-	-	1,278	1,073	-	-	3,866
Equipment Rental & Maintenance	-	174	-	1,400	-	-	110	3,836	-	-	2,523
Evaluation & Monitoring Expenses	-	-	-	-	-	-	-	-	-	-	915
In-Kind Cost	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	1,995	-	8,588	-	-	1,472	26,649	-	-	11,674
Interest	-	-	-	-	-	-	8,512	-	-	-	55
Legal Fees	-	-	-	-	-	-	16	-	-	-	-
Licenses	-	-	-	490	-	-	648	1,703	-	-	294
Maintenance & Repairs	-	41	-	2,478	-	-	44,426	28,557	-	-	2,134
Meals	-	-	-	36,912	-	-	1,155	1,431	-	-	1,626
Mileage	-	-	-	2,050	-	-	394	655	-	-	1,120
Miscellaneous	-	-	-	-	-	3,000,000	129	-	-	-	-
Office Expense	-	2,276	-	523		-	6,208	5,114	-	-	4,873
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-	-
Parking & Other Occupancy	-	-	-	75	-	-	113	-	-	-	2
Penalties	-	-	-	-	-	-	5,722	-	-	-	-
Printing & Copying	-	1	-	103	-	-	3	48	-	-	609
Program Supplies	-	800	-	4,633	874	-	10,589	3,172	-	-	1,790
Promotional Expenses	-	-	-	-	-	-	-	-	-	-	-
Property Mgmt Fees	-	-	-	-	-	-	-	21,843	-	-	288
Property Taxes	-	-	-	-	-	-	2,247	-	-	-	-
Real Estate Taxes	-	-	-	-	-	-	300	-	-	-	-
Recruiting Fees	-	-	-	-	-	-	-	47	-	-	-
Shipping & Postage	-	-	-	29	-	-	-	39	-	-	47
Space Cost (Rent)	-	-	-	184,021	-	-	511,721	-	-	-	14,158
Special Events	-	-	-	132	-	-	416	1,085	-	-	311
Subcontractor Expense	-	-	-	272,045	-	-	-	-	-	-	122,491
Suspense Ap	-	-	-	-	-	-	-	-	-	-	-
Telephone - Cellular	-	429	-	2,945	-	-	292	3,550	-	-	7,141
Telephone - Landline	-	326	-	5,063	-	-	4,285	1,897	-	-	6,704
Temp Financial Assistance	-	-	-	-	-	-	1,034	932	-	-	93,477
Temporary Help	-	-	-	-	-	-	-	14,613	-	-	-
Training - Clients	-	-	-	-	-	-	2,245	-	-	-	-
Training - Staff	-	72	-	502	-	-	167	720	-	-	3,428
Travel	-	-	-	4,571	-	-	329	446	-	-	4,820
Uniforms	-	-	-	-	-	-	2,001	-	-	-	62
Utilities	-	-	-	35,780	-	-	36,369	42,514	-	-	534
Vehicle Expense	-	800	-	56	-	-	1,385	11,971	-	-	-
Total 2023 Functional Expenses	2,082	77,228	152	794,978	5,640	3,000,000	724,016	373,174	50,684	5,830	959,672

United States Veterans Initiative and Subsidiaries
Schedule of Program Expenses
For The Year Ended June 30, 2023

	Outreach	Outside-The-Wire	Peer Outreach Program	Peer Support	Permanent Housing	Rapid Re-Housing	Substance Abuse	Service Center	Shelter Plus Care	Special Needs	Service Intensive Transitional Housing
Personnel Expenses											
Salaries & Wages	8,972	349,214	135,767	43,153	412,574	745,888	25,441	47,206	12,810	325,080	-
Paid Time Off (Pto)	969	34,699	14,655	5,038	47,609	101,980	2,746	6,548	1,383	41,983	-
Payroll Taxes & Benefits	2,125	77,025	32,148	11,131	105,638	210,362	6,024	14,064	3,033	90,206	-
Total Personnel Expenses	12,065	460,939	182,571	59,322	565,821	1,058,230	34,212	67,818	17,227	457,269	-
Accounting Fees	-	-	-	-	-	502	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	197	205,491	-	-	-	-	-
Bank & Cc Fees	-	-	-	-	715	123	-	-	-	291	-
Bus Passes	-	-	-	-	1,375	80	4	-	-	163	-
Clearing	-	-	-	-	-	-	-	-	-	-	-
Conferences & Meetings	-	2,715	849	109	814	969	349	-	-	1,562	-
Consultants	-	16,265	-	-	827	29,467	3,084	-	-	69,579	-
Consultants - It	-	-	-	-	-	-	-	-	-	-	-
Depreciation	8,649	1,919	199	6,777	20,634	78,166	692	2,896	383	9,077	12,166
Dues & Subscriptions	-	2,031	503	7	593	17	49	-	-	1,162	-
Equipment Rental & Maintenance	75	1,258	449	229	5,470	4,347	242	2,476	154	2,709	-
Evaluation & Monitoring Expenses	-	976	-	213	-	-	-	-	-	55	-
In-Kind Cost	-	-	-	-	6,399	-	-	3,806	-	-	-
Insurance	-	3,349	1,141	1,594	44,802	41,425	682	4,282	810	14,982	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	1,480	-	-	-	-	-
Licenses	-	182	-	36	7,437	4,914	92	-	1,116	621	-
Maintenance & Repairs	15,588	352	137	63	41,757	163,765	1,495	12,485	48	19,720	-
Meals	3,560	771	-	344	8,162	6,909	46,393	29,144	61	115,135	-
Mileage	-	247	220	-	2,273	1,457	1	733	-	22	-
Miscellaneous	-	-	-	-	62	148	-	400	-	-	-
Office Expense	150	4,244	502	567	12,404	20,867	277	3,750	-	9,016	-
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-	-	-
Parking & Other Occupancy	-	5	2	2	2,506	19,392	111	4,900	-	7,708	-
Penalties	-	-	-	-	-	2,648	-	-	-	-	-
Printing & Copying	-	18	12	5	178	361	3	158	4	600	-
Program Supplies	98	400	250	-	44,421	73,151	3,088	17,250	1,015	22,912	612
Promotional Expenses	-	15,924	13,161	-	-	501	-	-	-	-	-
Property Mgmt Fees	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	217	-	-	-	-	-	-	-	-	-	-
Real Estate Taxes	-	-	-	-	-	-	-	-	-	-	-
Recruiting Fees	-	-	-	-	75	-	-	-	-	-	-
Shipping & Postage	21	7	28	-	82	571	4	41	-	195	-
Space Cost (Rent)	795	-	4,080	-	1,537,460	1,038,425	26,997	15,400	-	199,853	-
Special Events	24,438	3,530	1,525	245	4,647	4,863	55	126	-	1,892	-
Subcontractor Expense	-	-	750	-	-	1,169,301	-	-	-	30,800	-
Suspense Ap	-	-	-	-	-	-	-	-	-	-	-
Telephone - Cellular	-	5,788	2,152	903	8,361	11,374	305	131	205	5,236	-
Telephone - Landline	-	5,367	2,751	650	5,323	11,508	197	10,624	93	3,672	-
Temp Financial Assistance	400	-	-	-	151	1,712,271	2,186	-	-	5,151	-
Temporary Help	-	-	-	-	103,392	-	-	4,061	19,286	22,595	-
Training - Clients	-	-	-	-	-	-	-	-	-	-	-
Training - Staff	-	614	220	104	3,285	4,241	99	354	35	3,120	-
Travel	-	881	174	151	2,554	3,620	103	854	-	1,573	-
Uniforms	-	-	-	-	473	34	8	-	-	419	-
Utilities	-	-	-	-	145,845	58,295	-	4,930	-	4,814	-
Vehicle Expense	-	-	-	-	5,787	13,362	-	360	-	2,156	-
Total 2023 Functional Expenses	66,057	527,780	211,679	71,321	2,584,283	5,742,275	120,728	186,978	40,435	1,014,057	12,778

United States Veterans Initiative and Subsidiaries
Schedule of Program Expenses
For The Year Ended June 30, 2023

	Transition In Place	Vash	Veterans Food Service	Veterans In Progress	Veterans Assistance	Veterans And Families	Waianae Civic Center	Workforce	Total
Personnel Expenses									
Salaries & Wages	419,331	39,299	764,181	7,361,487	459,169	5,444,830	753,981	783,499	21,879,789
Paid Time Off (Pto)	52,963	4,242	88,090	891,236	52,260	687,783	103,716	96,913	2,687,255
Payroll Taxes & Benefits	114,506	9,306	193,394	1,940,679	115,070	1,467,017	213,665	207,085	5,789,903
Total Personnel Expenses	586,800	52,847	1,045,665	10,193,402	626,499	7,599,630	1,071,361	1,087,498	30,356,947
Accounting Fees	-	-	-	-	-	-	-	-	966
Amortization	-	-	-	-	-	-	-	-	-
Bad Debt	388	-	4,381	12,681	9,091	-	-	2,133	236,521
Bank & Cc Fees	5,075	-	-	4,412	200	-	12	8	24,697
Bus Passes	-	-	-	26,447	-	4,134	-	4,314	51,854
Clearing	-	-	-	-	-	-	-	-	-
Conferences & Meetings	3,020	-	232	37,057	5,522	8,115	1,751	1,552	78,068
Consultants	22,274	-	5,313	452,869	3,696	169,121	-	211	839,861
Consultants - It	-	-	-	1,058	76	-	-	-	1,134
Depreciation	11,203	-	9,173	235,228	3,813	89,096	47,000	37,011	812,966
Dues & Subscriptions	2,059	-	315	24,254	276	33,692	1,468	343	84,395
Equipment Rental & Maintenance	2,596	-	6,082	88,872	4,100	44,954	2,477	6,183	206,956
Evaluation & Monitoring	-	-	156	16,534	-	-	749	-	20,268
Expenses									-
In-Kind Cost	250	-	105,085	98,239	-	7,448	-	875	222,102
Insurance	32,847	-	40,977	464,156	20,980	380,165	37,526	61,810	1,438,276
Interest	-	-	-	15,320	-	49	-	240	24,351
Legal Fees	-	-	-	-	-	8,928	-	-	10,424
Licenses	3,945	-	1,867	52,379	3,180	89,871	4,844	7,515	196,609
Maintenance & Repairs	23,000	-	97,918	415,072	10,219	42,203	26,153	11,271	1,140,913
Meals	96,055	260	(1,678,139)	3,860,472	37,280	7,698	255,979	5,997	3,612,725
Mileage	517	-	41	5,370	726	7,478	1,023	4,805	31,368
Miscellaneous	12	-	-	20,638	344,309	1,391	890	-	3,368,306
Office Expense	12,965	3,154	4,262	199,194	12,257	124,838	6,359	19,682	514,209
Organizational (Corp) Expense	-	-	-	-	-	-	-	-	-
Parking & Other Occupancy	20,062	-	2,226	165,791	111	14,920	1,026	3,757	284,291
Penalties	-	-	-	-	-	-	-	-	8,578
Printing & Copying	762	-	182	10,531	2,335	3,805	336	1,313	23,034
Program Supplies	69,977	-	170,257	834,961	7,603	13,334	37,887	35,492	1,617,605
Promotional Expenses	-	-	-	-	-	-	-	-	29,587
Property Mgmt Fees	-	-	-	68,622	-	265	-	1,142	108,347
Property Taxes	499	-	-	-	-	-	-	-	2,964
Real Estate Taxes	-	-	-	7,370	-	-	-	-	7,670
Recruiting Fees	-	-	-	100	251	465	-	-	1,279
Shipping & Postage	1,148	30	63	6,843	387	32,884	73	2	43,315
Space Cost (Rent)	516,029	-	229,959	3,962,978	2,025	768,397	10,522	117,016	10,436,644
Special Events	2,120	-	1,749	25,770	4,109	1,843	2,883	11,297	103,470
Subcontractor Expense	-	-	-	40,248	-	1,832,352	37,419	-	3,677,323
Suspense Ap	-	-	-	114	658	1,991	-	-	2,763
Telephone - Cellular	6,280	-	10,234	107,802	6,357	88,911	9,182	12,487	338,057
Telephone - Landline	2,936	-	6,395	73,445	4,928	65,613	15,121	11,136	285,388
Temp Financial Assistance	64,356	-	111	189,615	-	9,919,186	-	8,175	12,178,668
Temporary Help	-	-	26,114	405,395	5,274	103,833	-	-	1,532,577
Training - Clients	196	-	-	12,840	144	6,105	-	66,448	114,553
Training - Staff	3,369	-	2,254	55,699	1,938	32,506	7,210	2,560	140,683
Travel	3,249	1,822	-	35,009	916	50,064	1,049	6,427	120,687
Uniforms	359	-	20,987	11,068	116	210	-	22,046	106,607
Utilities	39,708	-	23,190	309,573	2,883	10,235	200,817	5,067	1,146,031
Vehicle Expense	12,163	38	1,315	89,746	582	129,505	2,450	513	361,154
Total 2023 Functional Expenses	1,546,218	58,151	138,366	22,637,176	1,122,840	21,695,235	1,783,566	1,556,326	75,945,189

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, 2023, 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 21, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

We consider the deficiencies described in the accompanying schedule of findings and prior year findings as items 2023-02 to be a material weakness.

We also consider the deficiency described in the accompanying schedule of findings and prior year findings as items 2023-01 to be a significant deficiency.

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

Armanino LLP
Los Angeles, California

December 21, 2023

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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, 2023. 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, 2023.

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 weaknesses 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.

Armanino LLP

Armanino LLP
Los Angeles, California

December 21, 2023

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award		Program Expenditures		Pass-through to Sub-recipients
FEDERAL AWARDS								
U.S. DEPARTMENT OF VETERANS AFFAIRS-								
VA Homeless Providers Grant and Per Diem Program								
Prescott	USVI752A7-2470-649-SN-22	64.024	10/01/21 - 09/30/24	Per Diem	$	389,987	$	-
	USVI752A7-1650-649-TP-21	64.024	10/01/20 - 09/30/23	Per Diem		509,565		
	USVI752-1564-649-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		546,022		
	USVI752-1564-649-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		1,745,117		
	USVI752-1563-649-SC-21	64.024	10/01/22 - 09/30/23	Per Diem		27,179		
	USVI752A7-2305-649-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		129,050		
Phoenix	USVI752A5-2484-644-SN-22	64.024	10/01/21 - 09/30/24	Per Diem		261,129		
	USVI752A5 7-1648-644-TP-21	64.024	10/01/20 - 09/30/23	Per Diem		453,638		
	USVI752A5-2227-644-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		264,947		
	USVI752-1561-644-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		796,603		
	USVI752-1561-644-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		2,207,646		
Hawaii - Barbers Point	U5V1752A3-2498-459-SN-22	64.024	10/01/21 - 09/30/24	Per Diem		259,200		25,200
	USVI752A3-1138-459-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		221,185		
	USVI752-1519-459-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		606,080		29
	USVI752-1519-459-PD-21	64.024	10/01/22- 09/30/23	Per Diem		1,731,926		14,784
Houston - Midtown	USVI752A6-2403-580-SN-22	64.024	10/01/21 - 09/30/24	Per Diem		214,787		
	USVI752A6-2349-580-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		75,054		
	USVI752-1455-580-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		646,907		
	USVI752-1455-580-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		1,808,664		
Houston	USVI752-1454-580-SC-21	64.024	10/01/21 - 09/30/22	Per Diem		85,031		
	USVI752-1455-580-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		97,157		
Las Vegas	USVI752A1-1643-593-TP-21	64.024	10/01/20 - 09/30/22	Per Diem		109,424		
	USVI752A1-1643-593-TP-21	64.024	10/01/20 - 09/30/23	Per Diem		416,565		
	USVI752A1-2216-593-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		278,501		
	USVI752-1542-593-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		886,421		
	USVI752-1524-593-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		2,272,789		
	NV-SSG-1791-22	64.024	10/01/22 - 09/30/23	Per Diem		58,276		
Inglewood	USVI752A8-2330-691-CM-22	64.024	10/01/21 - 09/30/22	Cost Reimbursement		178,358		
	USVI752-1579-691-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		974,160		
	USVI752-1579-691-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		2,668,731		
Washington DC	USVI752A4-2314-688-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		93,110		
	USVI752-1286-688-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		381,573		
	USVI752-1286-688-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		982,124		
	DC-SSG-1471-22	64.024	10/01/22 - 09/30/23	Per Diem		117,251		
Long Beach	USVI752A2-2331-600-CM-22	64.024	10/01/21 - 09/30/23	Cost Reimbursement		103,377		
	USVI752-l 554-600-PD-21	64.024	10/01/21 - 09/30/22	Per Diem		834,468		
	USVI752-1554-600-PD-21	64.024	10/01/22 - 09/30/23	Per Diem		2,488,302		
Hawaii - WCC	USVI752-1519-459-PD-21	64.024	10/01/21- 09/30/22	Per Diem		44,065		-
	USVI752-1519-459-PD-21	64.024	10/01/22- 09/30/23	Per Diem		93,828		-

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
US Vets-Arizona	AZ- SSG- 1661-22	64.024	10/01/22 - 09/30/23	Per Diem	111,373	
U.S.Vets - Phoenix LLC	USVI752A5-2551-644-CG-22	64.024	10/01/21 - 09/30/24	2,000,000	2,000,000	
					28,169,568	40,013
VA Supportive Services for Veteran Families Program						
Hawaii - Barbers Point	18-HI-190	64.033	07/01/22 - 06/30/23	2,636,240	2,636,240	131,000
	18-HI-190	64.033	07/01/22 - 06/30/23	28,293	28,293	14,000
	S20-HI-501	64.033	12/01/19 - 09/31/23	3,509,488	2,442,837	38,333
	18-HI-190-LT	64.033	10/19/22 - 09/30/26	1,481,267	83,530	
Phoenix	20-AZ-159	64.033	12/01/21 - 08/31/22		485,903	117,042
	20-AZ-159	64.033	08/31/22 - 07/31/23	3,643,044	3,643,044	1,233,824
	20-AZ-159	64.033	08/31/22 - 07/31/23	385,481	385,481	
	20-AZ-159SS	64.033	09/01/21 - 09/30/24	2,537,934	313,599	91,083
	20-AZ-159-LT	64.033	10/19/22 - 09/30/26	1,456,490	61,354	
	20-AZ-159	64.033	03/01/23 - 02/28/24	3,119,302	1,278,826	207,069
Houston - Midtown	19-TX-288	64.033	10/01/21 - 09/30/22	767,406	288,429	
	19-TX-288	64.033	09/01/22 - 03/31/23	444,621	444,621	
	19-TX-288-23	64.033	04/01/23 - 03/31/24	821,892	189,273	
	19-TX-288SS	64.033	09/01/21 - 09/30/24	668,603	220,704	
	19-TX-288-LT	64.033	10/19/22 - 09/30/26	408,408	40,124	
	2019-TX-288-HL	64.033	04/01/23 - 09/31/23	94,229	94,229	
Las Vegas	20-NV-056	64.033	12/01/21 - 08/31/22		278,801	
	20-NV-056	64.033	08/01/22 - 04/30/23	2,227,736	2,227,736	
	20-NV-056-HL	64.033	04/01/23 - 05/31/23	285,542	285,542	
	20-NV-056	64.033	05/01/23 - 04/30/24	3,095,363	576,230	
	20-NV-056SS	64.033	09/01/21 - 09/30/24	2,518,055	688,579	
	20-NV-056-LT	64.033	10/19/22 - 09/30/26	1,341,795	5,271	
Long Beach	18-CA-354	64.033	11/30/21 - 07/31/22		126,454	
	18-CA-354	64.033	07/01/22 - 03/31/23	994,085	994,085	
	18-CA-354	64.033	04/01/23 - 03/31/24	2,272,647	319,746	
	18-CA-354	64.033	11/01/22 - 04/30/23	162,759	162,759	
	18-CA-354SS	64.033	09/01/21 - 09/30/24	1,848,780	215,121	
	18-CA-354-LT	64.033	10/19/22 - 09/30/26	1,060,993	32,497	
Inglewood	18-CA-008	64.033	07/01/22 - 04/30/23	2,027,772	2,027,772	
	18-CA-008	64.033	04/01/23 - 03/31/24	3,113,520	874,380	
	18-CA-008	64.033	07/01/22 - 04/30/23	143,481	143,481	
	18-CA-008SS	64.033	09/01/21 - 09/30/24	2,110,687	443,753	
	18-CA-008-LT	64.033	10/19/22 - 09/30/26	1,956,712	32,382	
Riverside	18-CA-008	64.033	07/01/22 - 04/30/23	885,652	885,652	
	18-CA-008	64.033	04/01/23 - 03/31/24	878,172	263,942	
	18-CA-008	64.033	07/01/22 - 04/30/23	107,796	107,796	
	18-CA-008SS	64.033	09/01/21 - 09/30/24	1,136,524	274,694	
	18-CA-008-LT	64.033	10/19/22 - 09/30/26		7,767	
Washington DC	23-VA-455	64.033	10/01/22 - 12/31/23	750,000	392,646	
					24,003,572	1,832,352
				Total Department of Veterans Affairs	52,173,139	1,872,366

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
U.S. DEPARTMENT OF LABOR						
Homeless Veterans Reintegration Project						
Riverside	HV-35249-20-60-5-6	17.805	07/01/22 - 06/30/23	194,536	194,536	
Prescott	HV-33814-19-60-5-5	17.805	07/01/22 - 06/30/23	240,000	240,000	
	HV-33814-19-60-5-4	17.805	07/01/22 - 06/30/23	10,000	4,986	
Washington DC	HV-38390-22-60-5-11	17.805	07/01/22 - 06/30/23	402,000	323,362	
Houston - Midtown	HV-36530-21-60-5-48	17.805	07/01/22 - 06/30/23	250,000	250,000	
Hawaii - Barbers Point	HV-33294-19-60-5-15	17.805	07/01/21 - 06/30/22		28,878	
	HV 36512 HV2	17.805	07/01/22 - 06/30/23	200,000	200,000	
Las Vegas	HV-36528-21-60-5-32	17.805	07/01/22 - 06/30/23	323,000	323,000	
				Total Department of Labor	1,564,762	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Continuum of Care Program						
Las Vegas	NV0083L9T002006	14.267	08/01/21 - 07/30/22		46,259	
	NV0083L9T002006	14.267	08/01/21 - 07/30/22		27,093	
	NV0083L9T002107	14.267	08/01/22 - 07/30/23	1,387,769	1,017,217	
	NV0083L9T002107	14.267	08/01/22 - 07/30/23		266,986	
	NV0014L9T002112	14.267	04/01/22 - 03/31/23	122,854	122,854	
	NV0014L9T002213	14.267	04/01/23 - 03/31/24	122,854	7,799	
Riverside	CA1143L9D092009	14.267	10/01/21 - 09/30/22		294,209	
	CA1143L9D092110	14.267	10/01/22 - 09/30/23	1,255,841	876,161	
Houston - Midtown	TX0245L6E002012	14.267	05/01/22 - 04/30/23	477,506	477,506	
	TX0245L6E002214	14.267	05/01/23 - 04/30/24	411,259	80,056	
	TX0423L6E002005	14.267	04/01/22 - 03/31/23	545,088	388,180	104,080
	TX0423L6E002207	14.267	04/01/23 - 03/31/24	545,088	108,558	26,546
Inglewood	CA0520L9D001813	14.267	08/01/21 - 07/31/22		11,984	
	CA0520L9D002114	14.267	08/01/22 - 07/31/23	295,315	261,643	
Pass-Through, City Of Long Beach	CA0651U9D062013	14.267	07/01/22 - 06/30/23	298,665	240,332	
	CA0625U9D062014	14.267	07/01/22 - 06/30/23	479,150	322,040	
	CA1518U9D062005	14.267	07/01/22 - 06/30/23	368,158	273,110	
	CA0622U9D062014	14.267	07/01/22 - 06/30/23	254,084	216,500	
	35984	14.267	07/01/21 - 06/30/22		6,580	
Pass-Through, The Community Partnership	DC0027L3G002013	14.267	03/01/22 - 08/31/22		7,030	
Pass-Through- Arizona Department Of Housing	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		154,826	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		56,043	
	AZ0197U9T002103/ 524-23	14.267	12/01/22 - 06/30/23	220,399	114,575	
	AZ0197U9T002103/ 524-23	14.267	12/01/22 - 06/30/23		85,963	
	AZ0022L9T002013/ 515-22	14.267	12/01/21 - 11/30/22		65,635	
	AZ0022U9T002114/ 523-23	14.267	12/01/22 - 06/30/23	108,569	92,241	
Pass-Through Los Angeles Homeless Service Authority	GT-BH-EOA-006	14.267	09/01/22 - 08/31/23	109,500	107,312	
	AD-BH-EW-007-01	14.267	09/01/22 - 08/31/23	438,000	328,498	
				Total Department of Housing and Urban Development	6,057,190	130,626
U.S. DEPARTMENT OF AGRICULTURE						
Child and Adult Care Food Program						
Hawaii - Waianae	1305-6	10.558	10/01/21 - 09/30/22		9,234	
	1305-6	10.558	10/01/22 - 09/30/23	50,000	31,265	
				Total Department of Agriculture	40,498	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
U.S. Department of Justice						
Emergency Food & Shelter Program						
	APPR-R	97.024	11/01/21 - 04/30/23	250,000	146,526	
	ARPAR 083000-120	97.024	11/01/21 - 04/30/23	27,160	24,712	
	ARPAR 083000-121	97.024	11/01/21 - 04/30/23	50,000	50,000	
	ARPAR 083000-122	97.024	11/01/21 - 04/30/23	75,000	71,151	
	ARPAR 083000-121	97.024	11/01/21 - 04/30/23		10,540	
	PHASE 39 & ARPR	97.024	06/27/22 - 04/30/23		1,887	
	PHASE 39 & ARPR	97.024	06/27/22 - 04/30/23		2,965	
	PHASE 39 & ARPR	97.024	06/27/22 - 04/30/23		3,700	
	PHASE 39 & ARPR	97.024	06/27/22 - 04/30/23		14,939	
	PHASE 39 & ARPR	97.024	06/27/22 - 04/30/23	210,000	94,036	
				Total Department of Homeland Security	420,455	-
Pass Through Others						
United Planning Organization (UPO) CSBG						
Washington DC	20-2411-9162-1300	93.569	12/01/22 - 11/30/23	275,000	14,640	
Arizona Dept. Of Public Safety	2020-V2-GX-0054	16.575	10/01/21 - 09/30/22		37,169	
	VOCA-2021-VETS-00124	16.575	10/01/22 - 09/30/23	109,663	95,380	
	2019-V2-GX-0041	16.575	10/01/21 - 09/30/22		20,869	
	2019-V2-GX-0041	16.575	10/01/22 - 09/30/23	97,995	69,780	
	2018-V2-GX-0012	16.575	10/01/21 - 09/30/22		57,122	
	2018-V2-GX-0012	16.575	10/01/22 - 09/30/23	180,208	100,289	
Pass-Through- Arizona Department Of Housing	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		10,389	
	AZ0197L9T002002/ 513-22	14.267	12/01/21 - 11/30/22		737	
	AZ0197U9T002103/ 524-23	14.267	12/01/22 - 06/30/23		8,020	
	AZ0197U9T002103/ 524-23	14.267	12/01/22 - 06/30/23		6,017	
	AZ0022L9T002013/515-22	14.267	12/01/21 - 11/30/22		4,595	
	AZ0022U9T002114/ 523-23	14.267	12/01/22 - 06/30/23		7,424	
				Total Pass Through Others	432,430	-
U.S. Department of Health and Human Services						
Samhsa LV	1H79SM84862-01	N/A	12/01/22 - 11/30/24	125,000	83	
Las Vegas	1H79SM84862-01	N/A	12/01/22 - 11/30/24		14,094	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		20	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		43	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		308	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		20	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		20	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		13	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		59	
	1H79SM84862-01	N/A	12/01/22 - 11/30/24		1,079	
				Total Department of Health and Human Services	15,738	-
U.S. Department of Treasury						
County of Riverside - ARPA	2022-0154814	21.027	03/31/22 - 07/01/77	1,900,000	1,900,000	
				Total Department of Treasury	1,900,000	-
				Total Federal Awards	62,604,213	2,002,992

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
STATE PROGRAMS						
State of Texas	GT-VMH21-020	N/A	07/01/22 - 06/30/23	150,000	74,780	
	FVA21-057	N/A	07/01/21 - 06/30/22		(6,369)	
	FVA21-054	N/A	07/01/22 - 06/30/23	250,000	237,698	
State Of Hawaii - Rapid Rehousing (HF)	DHS-21-HPO-0093-SA02	N/A	06/27/22 - 06/26/23		1,990,603	123,014
	DHS-21-HPO-0093-SA03	N/A	06/27/23 - 06/26/24	2,000,000	9,579	
State Of Hawaii	DHS-22-HPO-0006	N/A	06/15/22 - 06/14/23		550,000	
Arizona Dept. Of Economic Security	DES HMLS 2B29	N/A	03/01/21 - 09/30/22		22,863	
	ADES16-137925	N/A	07/01/22 - 06/30/23	78,323	85,996	
	ADES18-206224	N/A	07/01/22 - 06/30/23	58,233	58,233	
	DES SVSF 7	N/A	07/01/22 - 06/30/23	150,000	150,000	
Office Of The Arizona Attorney General	State of AZ	N/A	07/01/22 - 06/30/25	499,598	75,671	
	State of AZ	N/A	07/01/22 - 06/30/23	200,034	169,528	
State Of Hawaii - Shelter	DHS-21-HPO-0029-SA02	N/A	07/01/22 - 06/30/23	1,794,456	1,794,456	2,346
	DHS-21-HPO-0029-SA03	N/A	07/01/22 - 06/30/23	1,794,456	213,750	
California Commission On The Status Of Women And Girls	State of California	N/A	07/01/22 - 06/30/23		50,000	8,313
Arizona Dept. Of Veterans Services - VDF Grant	State of AZ	N/A	07/01/22 - 06/30/23		2,833	
	State of AZ	N/A	07/01/22 - 06/30/23		7,091	
California Department Of Veterans Affairs - VSSR	State of California	N/A	04/01/23 - 03/31/26	959,871	3,109	
	State of California	N/A	04/01/23 - 03/31/26		3,109	
	State of California	N/A	04/01/23 - 03/31/26	959,871	34,276	
				Total State Awards	5,527,206	133,673

Federal Grantor Agency/Pass-Through Grantor/Location	Contract Number	Assistance Listing	Contract Period	Program Award	Program Expenditures	Pass-through to Sub-recipients
LOCAL PROGRAMS						
Pass-through, LAHSA	2021BHA28	N/A	04/01/22 - 07/30/23	714,075	711,629	
	AD-BH-ABH-020-01	N/A	05/07/22 - 06/30/23	2,190,000	1,875,137	
	AD-BH-ABH-020-01	N/A	04/01/22 - 07/30/23		(10,459)	
City & County Of Honolulu - Housing First	CT-DCS-2200090	N/A	07/01/21 - 06/30/22		83,506	
	CT-DCS-2100148	N/A	06/01/22 - 05/30/23	2,320,000	2,238,031	1,046,287
City Of Phoenix - CDBG & ESG	CITY OF PHOENIX	N/A	07/01/22 - 06/30/22		30,000	
	CITY OF PHOENIX	N/A	07/01/22 - 09/30/23	500,000	287,193	
Clark County - Betterment Community	CITY OF LAS VEGAS	N/A	07/01/23 - 06/30/24	1,683,980	713,411	40,614
City Of Las Vegas - ARPA	CITY OF LAS VEGAS	N/A	07/01/22 - 06/30/23	400,000	39,781	
	CITY OF LAS VEGAS	N/A	07/01/22 - 06/30/23	445,000	19,108	
Riverside County Transportation Commission	21-26-085-01	N/A	07/01/22 - 06/30/23		1,855	
	21-26-085-02	N/A	07/01/22 - 06/30/23	77,423	49,244	
				Total Local Awards	6,038,436	1,086,901
FEE FOR SERVICE CONTRACTS - FEDERAL						
U.S. Department Of Veterans Affairs-Hoptel	36C26119D0003	N/A	10/01/22 - 09/30/23	62,050	53,720	
	36C26121D0021	N/A	02/02/23 - 02/01/24	167,900	135,674	103,300
	36C26118D0099	N/A	09/30/22 - 09/29/23	164,250	65,970	
	36C26121D0021	N/A	02/02/23 - 02/01/24	167,900	94,562	
	36C26121D0021	N/A	02/02/23 - 02/01/24	222,650	68,582	
	36C26121D0021	N/A	02/02/23 - 02/01/24	268,275	146,179	114,425
	36C26123N0026	N/A	10/01/22 - 09/30/23	182,500	62,401	54,320
	36C26120D0030	N/A	10/01/22 - 09/30/23	108,702	61,201	
	36C26222D0017	N/A	03/01/22 - 03/31/23	814,406	800,823	
					1,489,112	272,045
FEE FOR SERVICE CONTRACTS - STATE						
Easter Seals Of Greater Houston	HHS000329700010	N/A	07/01/21 - 06/30/22		23,330	
	HHS000329700010	N/A	07/01/22 - 06/30/23	50,000	43,749	
					67,078	-
County Of Orange - Health Care Agency	100-042-042 -2120-1900	N/A	07/01/21 - 06/30/23	399,980	402,669	
CAL VET (County of LA, DMVA)	County of LA	N/A	07/01/22 - 06/30/23	120,850	132,000	
Los Angeles County Department Of Health Services -22-23	166-HFH-ICMS	N/A	07/01/22 - 06/30/23		43,200	
Clark County - Care Peer Navigator Services	CITY OF LAS VEGAS	N/A	07/01/22 - 06/30/23	48,860	25,377	
County Of Orange - Mental Health And Well Being Promotion For Diverse Communities	County of Orange	N/A	07/01/22 - 06/30/23		259,519	750
					862,765	750
				Total Fee for Service Contracts	929,844	750
				TOTAL NON-FEDERAL AWARDS	13,984,598	1,493,368
				GRAND TOTAL	$ 76,588,811	$ 3,496,360

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

United States Veterans Initiative and Subsidiaries
Notes to Schedule of Expenditures of Federal and Non-Federal Awards
June 30, 2023

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, 2023, 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, 2023:

14.267 - Continuum of Care Program	
Career and Recovery Resources, Inc.	$ 130,626
64.033 - Supportive Services for Veteran Families Program	
Hope Services Hawaii, Inc.	43,333
Ka Mana O Na Helu	100,000
Legal Aid Society of Hawaii	40,000
UMOM New Day Centers Inc.	1,649,019
	1,832,352
64.024 - VA Homeless Providers Grant and Per Diem Program	
Honolulu Community Action Program	33,893
Na Kahu Malama Nurses, Inc.	6,120
	40,013
	$ 2,002,991

4. OTHER INFORMATION

The federal award of $1,900,000 from the County of Riverside, Assistance Listing 21.027, is a loan. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures represented in the Schedule. There were no new loans made during the year and the amount reported as federal expenditures is the same as the June 30, 2022 balance. U.S. VETS did not receive federal insurance or non-cash assistance during the year ended June 30, 2023.

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, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
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:

Name of Federal Program or Cluster	Assistance Listing Number
Department of Veteran Affairs Homeless Providers Grant and Per Diem Program	64.024

Dollar threshold used to distinguish between Type A and Type B programs	$1,750,843
Auditee qualified as low-risk auditee?	Yes

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

Finding number:	**2023-001**
Criteria:	Nonprofit organizations are required to recognize pledges receivable in accordance with generally accepted accounting principles.
Condition:	The organization's accounting team did not identify the need for discounting a material long-term pledge receivable.
Cause:	The organization has not historically received donations of this type, and the low interest rate environment of the prior ten years had rendered consideration of discounts less relevant for a lengthy period of time. Nonrecurring transactions inherently present more challenges for proper accounting.
Effect or potential effect:	We proposed, and management recorded, a discount on the pledge of $3,056,699.
Recommendation:	Management should consider all potential impacts of new types of transactions, as accounting issues that were not previously relevant could become so with significant new activity.
View of responsible officials:	We agree with this finding and will research and reach out to our auditors for guidance on new accounting issues as they arise. We have had in place for several years a monthly Conditional Grant review report and will add a review of any grant pledges exceeding one million dollars for present value discount accounting consideration.

Finding number:	**2023-002**
Criteria:	Recipients of Federal funding are required to prepare a Schedule of Expenditures of Federal Awards (SEFA) which includes all amounts considered expenditure under the Uniform Guidance.
Condition:	Management initially omitted expenditures that were used for capital costs. While these are not recorded as expenses, they are considered "expenditures" under the Uniform Guidance Cost Principles.
Cause:	Management has a process for SEFA development that has relied historically on revenues recorded. The process has included only unrestricted revenues or revenues released from restriction. In this case GAAP requires the funds to remain restricted until the building is placed in in service. Accordingly, management's historic process did not capture this new type of transaction.
Effect or potential effect:	A material grant was initially omitted from the SEFA, which could have resulted in exclusion of those expenditures in audit testing. We identified the expenditure, and management updated the SEFA to reflect those capital items.

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS **(continued)**

Recommendation:	Management should update the review process for the SEFA to include other sources of information, such as comparing against a new funding source document. Management can also consider setting up a separate general ledger account within net assets to capture use of contributions and grants for capital projects that are not yet eligible for release from restriction due to the place-in-service requirement.
Views of responsible officials:	We agree with this finding and will add to our SEFA a section for capital grants and ensure that all such grant documents are distributed to the SEFA preparer and reviewers. We have set up a separate line on the Statement of Financial Position within net assets to report on a monthly basis Construction in Process not yet released from restriction.

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, 2023

There were no prior year findings.