

PACIFIC HOUSE, INC.
AND SUBSIDIARY
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

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HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

INDEPENDENT AUDITORS' REPORT

Rafael Pagan, Jr.
Pacific House, Inc. and Subsidiary
137 Henry Street, Suite 205
P.O. Box 1252
Stamford, CT 06902

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pacific House, Inc. and Subsidiary (a nonprofit organization) which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

To the Board of Directors
Pacific House, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pacific House, Inc. and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Act, are 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 November 10, 2021, on our consideration of Pacific House, Inc. and Subsidiary'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Pacific House, Inc. and Subsidiary's internal control over financial reporting and compliance.

Haimi, Buppert & Company, P.C.

Certified Public Accountants

Stamford, CT
November 10, 2021

PACIFIC HOUSE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30,

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 666,054	\$ 456,595
Short Term Investments	21,648	4,104
Grant Receivables	1,152,242	1,924,282
Other Receivable – Net of Allowance for Doubtful Accounts	114,488	51,211
Prepaid Expenses	-	10,973
<u>Total Current Assets</u>	<u>\$ 1,954,432</u>	<u>\$ 2,447,165</u>
Fixed Assets:		
Mortgage Costs- Net	33,682	35,612
Land, Buildings and Equipment -Net	<u>20,883,885</u>	<u>15,228,942</u>
<u>Total Fixed Assets</u>	<u>20,917,567</u>	<u>15,264,554</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 22,871,999</u>	 <u>\$ 17,711,719</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 221,238	\$ 300,050
Deferred Revenue and Refundable Deposits	896,628	1,648,002
SBA PPP Forgivable Advance	-	387,500
Notes Payable – Current Portion	<u>418,680</u>	<u>362,503</u>
<u>Total Current Liabilities</u>	<u>\$ 1,536,546</u>	<u>\$ 2,698,055</u>
Long- Term Liabilities:		
Deferred Revenue and Refundable Deposits	7,968,540	3,777,303
Notes Payable – Long -Term Portion	<u>7,055,954</u>	<u>6,264,187</u>
<u>Total Long- Term Liabilities</u>	<u>15,024,494</u>	<u>10,041,490</u>
<u>Total Liabilities</u>	<u>\$ 16,561,040</u>	<u>\$ 12,739,545</u>
 <u>NET ASSETS</u>		
Net Assets Without Donor Restrictions		
Undesignated	(8,333,857)	(4,816,134)
Net Investment in Land, Buildings and Equipment	<u>13,409,251</u>	<u>8,602,652</u>
<u>Total Net Assets Without Donor Restrictions</u>	<u>5,075,394</u>	<u>3,786,518</u>
With Donor Restrictions	<u>1,235,565</u>	<u>1,185,656</u>
<u>Total Net Assets</u>	<u>6,310,959</u>	<u>4,972,174</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 22,871,999</u>	 <u>\$ 17,711,719</u>

See accompanying consolidated notes and independent auditors' report.

PACIFIC HOUSE, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30,

EXHIBIT "B"

	2021		2020	
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction
PUBLIC SUPPORT AND REVENUE				
Grants and Fees from Governmental agencies	2,993,578	-	2,000,307	-
Rental Income	952,802	-	736,251	-
Contributions received directly	68,400	566,370	104,279	641,833
Contributions received through United Way agencies	40,000	-	55,500	-
Contribution - PPP	387,500	-	387,500	-
In-Kind Contributions	380,994	-	185,446	-
Special events, net of expenses of \$105,589 and \$144,471	960,375	-	1,003,445	-
Investment Income	206	-	2,186	-
Net assets released from restrictions	516,461	(516,461)	498,433	(498,433)
Total Public Support and Revenue	6,300,316	49,909	4,585,847	143,400
				4,729,247
EXPENSES				
Program Services:				
Emergency Shelter	2,073,982	-	1,534,411	-
Permanent Housing	2,145,522	-	1,700,876	-
Housing Development	159,251	-	192,051	-
Total Program Services	4,378,755	-	3,427,338	-
				3,427,338
Supporting Services				
Management and General	275,180	-	343,505	-
Development	357,505	-	331,263	-
Total Supporting Services	632,685	-	674,768	-
				674,768
Total Expenses	5,011,440	49,909	5,011,440	143,400
Change in Net Assets	1,288,876	-	483,741	-
				627,141
NET ASSETS				
Beginning of Year	3,786,518	1,185,656	3,302,777	1,042,256
End of Year	5,075,394	1,235,565	4,972,174	1,185,656
				4,345,033

PACIFIC HOUSE, INC. AND SUBSIDIARY, PUBLIC ACCOUNTANTS

See accompanying consolidated notes and independent auditors' report.

PACIFIC HOUSE, INC. AND SUBSIDIARY
 CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 2021

EXHIBIT "C"

	<u>Emergency Shelters</u>	<u>Permanent Housing</u>	<u>Housing Development</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Development</u>	<u>Total Support</u>	<u>Total Expenses</u>
PERSONNEL COSTS								
Salaries	\$ 860,648	\$ 823,772	\$ 121,268	\$ 1,805,688	\$ 132,394	\$ 273,032	\$ 405,426	\$ 2,211,114
Employee Benefits	100,599	90,470	12,608	203,677	38,042	26,570	64,612	268,289
Payroll Taxes	71,360	71,359	9,150	151,869	10,014	21,091	31,105	182,974
Total Personnel Costs	<u>\$ 1,032,607</u>	<u>\$ 985,601</u>	<u>\$ 143,026</u>	<u>\$ 2,161,234</u>	<u>\$ 180,450</u>	<u>\$ 320,693</u>	<u>\$ 501,143</u>	<u>\$ 2,662,377</u>
OTHER EXPENSES								
Client Support - Food Program and Household Office and IT	\$ 380,246	\$ 31,620	\$ -	\$ 411,866	\$ 1,862	\$ 305	\$ 2,167	\$ 414,033
Telephone	73,915	46,669	-	120,584	14,652	4,584	19,236	139,820
Postage	-	-	-	-	5,950	1,511	7,461	7,461
Occupancy	14,438	14,910	-	29,348	4,630	1,088	5,718	35,066
General Insurance	44	-	-	44	1,651	2,884	4,535	4,579
Consultants	148,524	364,705	3,150	516,379	33,427	5,500	38,927	555,306
Legal and Accounting	40,132	86,959	4,369	131,460	2,026	2,026	4,052	135,512
Training and Education	33,045	48,380	-	81,425	9,215	2,685	11,900	93,325
Printing	2,800	15,933	2,500	21,233	14,000	2,800	16,800	38,033
Staff Travel and Conferences	195	1,609	-	1,804	100	250	350	2,154
Client Assistance	1,782	369	342	2,493	575	1,397	1,972	4,465
Dues and Subscriptions	569	813	-	1,382	1,141	383	1,524	2,906
Interest Expense	5,071	532	-	5,603	-	-	-	5,603
Total Other Expenses	<u>703,436</u>	<u>1,102,872</u>	<u>2,629</u>	<u>1,439,344</u>	<u>2,629</u>	<u>2,629</u>	<u>5,258</u>	<u>120,809</u>
Total Expenses Before Depreciation and Amortization and Provision for Non-Food-In-Kind Contributions	1,736,043	1,708,519	156,016	3,600,578	274,020	357,505	631,525	4,232,103
Provisions for Non-Food-In-Kind Contributions	142,719	-	3,235	145,954	-	-	-	145,954
Depreciation and Amortization	195,220	437,003	-	632,223	1,160	-	1,160	633,383
Total Expenses	<u>\$ 2,073,982</u>	<u>\$ 2,145,522</u>	<u>\$ 159,251</u>	<u>\$ 4,378,755</u>	<u>\$ 275,180</u>	<u>\$ 357,505</u>	<u>\$ 632,685</u>	<u>\$ 5,011,440</u>

PACIFIC HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

EXHIBIT "C"

	<u>Emergency Shelter</u>	<u>Permanent Housing</u>	<u>Housing Development</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Development</u>	<u>Total Support</u>	<u>Total Expenses</u>
PERSONNEL COSTS								
Salaries	\$ 749,527	\$ 551,790	\$ 122,036	\$ 1,423,353	\$ 186,514	\$ 258,647	\$ 445,161	\$ 1,868,514
Employee Benefits	148,234	88,519	16,439	253,192	31,356	35,711	67,067	320,259
Payroll Taxes	65,565	45,090	7,768	118,423	13,877	19,670	33,547	151,970
Total Personnel Costs	<u>\$ 963,326</u>	<u>\$ 685,399</u>	<u>\$ 146,243</u>	<u>\$ 1,794,968</u>	<u>\$ 231,747</u>	<u>\$ 314,028</u>	<u>\$ 545,775</u>	<u>\$ 2,340,743</u>
OTHER EXPENSES								
Client Support - Food Program and Household Office and IT	\$ 120,853	\$ 32,929	\$ -	\$ 153,782	\$ 5,328	\$ 896	\$ 6,224	\$ 160,006
Telephone	35,809	43,056	-	78,865	19,337	1,627	20,964	99,829
Postage	442	74	-	516	5,194	2,526	7,720	8,236
Occupancy	9,461	9,399	103	18,963	6,592	196	6,788	25,751
General Insurance	-	-	-	-	2,010	1,839	3,849	3,849
Consultants	153,164	317,390	3,149	473,703	14,000	3,523	17,523	491,226
Legal and Accounting	33,818	72,383	14,829	121,030	1,949	1,949	3,898	124,928
Training and Education	50,351	19,220	11,390	80,961	29,944	-	29,944	110,905
Printing	3,350	16,034	2,807	22,191	15,237	-	15,237	37,428
Staff Travel and Conferences	1,731	694	-	2,425	1,161	405	1,566	3,991
Client Assistance	96	1,718	-	1,814	1,829	3,760	5,589	7,403
Dues and Subscriptions	4,780	1,839	-	6,619	3,654	385	4,039	10,658
Interest Expense	14,104	253	-	14,357	-	-	-	14,357
Total Other Expenses	150	201	-	351	2,100	129	2,229	2,580
	<u>\$ 428,109</u>	<u>\$ 623,683</u>	<u>\$ 32,278</u>	<u>\$ 1,084,070</u>	<u>\$ 108,335</u>	<u>\$ 17,235</u>	<u>\$ 125,570</u>	<u>\$ 1,209,640</u>
Total Expenses Before Depreciation and Amortization and Provisions for Non-Food In-Kind Contributions	1,391,435	1,309,082	178,521	2,879,038	340,082	331,263	671,345	3,550,383
Provisions for Non-Food In-Kind Contributions	-	69,415	13,530	82,945	-	-	-	82,945
Depreciation and Amortization	142,976	322,379	-	465,355	3,423	-	3,423	468,778
Total Expenses	<u>\$ 1,534,411</u>	<u>\$ 1,700,876</u>	<u>\$ 192,051</u>	<u>\$ 3,427,338</u>	<u>\$ 343,505</u>	<u>\$ 331,263</u>	<u>\$ 674,768</u>	<u>\$ 4,102,106</u>

PACIFIC HOUSE, INC. AND SUBSIDIARYCONSOLIDATED STATEMENTS OF CASH FLOWS

JUNE 30.

<u>CASH FLOWS OPERATING ACTIVITIES:</u>	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 1,338,785	\$ 627,141
Adjustments to Reconcile Changes in Net Assets to Net Change in Cash from Operating Activities		
Unamortized Discount on Non-Interest Bearing Loan	5,331	4,958
Depreciation and Amortization	633,383	468,778
Changes in Operating Assets and Liabilities		
Grants and Other Receivables	708,763	368,916
Prepaid Expenses	10,973	30,207
Accounts Payable and Accrued Expenses	(78,812)	27,313
Deferred Revenue and Refundable Deposits	3,439,863	804,145
SBA PPP Forgivable Advance	(387,500)	387,500
<u>Net Change in Cash Provided By Operating Activities</u>	<u>\$ 5,670,786</u>	<u>\$ 2,718,958</u>
<u>CASH FLOWS INVESTING ACTIVITIES:</u>		
Purchase of Property and Equipment	(6,286,396)	(4,421,568)
Short Term Investments	(17,544)	12,956
<u>Net Change in Cash Used In Investing Activities</u>	<u>(\$ 6,303,940)</u>	<u>(\$ 4,408,612)</u>
<u>CASH FLOWS FINANCING ACTIVITIES:</u>		
Principal Payments on Notes Payable	(697,387)	(3,458,192)
Proceeds from Notes Payable	1,540,000	4,840,835
<u>Net Change in Cash Provided By Financing Activities</u>	<u>\$ 842,613</u>	<u>\$ 1,382,643</u>
<u>Net Increase\Decrease in Cash and Cash Equivalents</u>	<u>209,459</u>	<u>(307,011)</u>
<u>CASH AND CASH EQUIVALENTS:</u>		
Beginning of year	456,595	763,606
End of year	<u>\$ 666,054</u>	<u>\$ 456,595</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:</u>		
Cash Paid During the Year for:		
Interest	\$ 125,915	\$ 98,153
Income Taxes	-	-

See accompanying consolidated notes
and independent auditors' report.

1. Nature of Activities

Pacific House, Inc. and Subsidiary (formerly) Shelter for the Homeless, Inc. (the "Organization") is a not-for-profit organization which provides emergency shelter, case management, recovery and young adult services to the homeless including supportive housing and housing development serving Fairfield County. 3 Lake Avenue Extension, LLC (Limited Liability Company) is a wholly owned subsidiary of Pacific House, Inc. which owns the facility in Danbury, Connecticut.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Organization are reported in the following net asset categories:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Federal and State Income Taxes

The Internal Revenue Service has determined that Pacific House, Inc. is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Consequently, Pacific House, Inc. is exempt from federal and state income taxes and no provision for income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents

For cash flow purposes, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less at the time of purchase to be cash equivalents, except for a money fund with an investment company.

Investments

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Organization's investment managers as part of their long-term investment strategies.

2. Summary of Significant Accounting Policies (continued)

Other Receivable

Other receivable consists of receivables for rental income, other receivable are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on management's experience. The Organization's policy is to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts at June 30, 2021 and 2020 was \$30,000 and \$15,000 respectively.

Land, Building and Equipment

Fixed assets are recorded at cost. Depreciation of fixed assets is computed on the straight-line basis over the estimated useful lives of the assets ranging from three to forty years. Repairs and maintenance are charged to expense as incurred. Leasehold improvements are depreciated over the shorter of the useful life of the asset or the remaining life of the lease. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected on the statements of activities.

Grants and Contracts

Governmental grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost reimbursement grants and contracts is recognized to the extent of costs incurred. Grant and contract receipts in excess of revenue recognized are presented as refundable advances.

Contributions

Contributions and gifts, including unconditional promises to give, are recognized as revenues in the period made. Promises to give that are restricted by the donor to a specific purpose that has not been met as of the statement of financial position date are shown as increases in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Materials, Meals and Services

Contributed materials, meals and services are recorded at fair value when donated and are reflected as in-kind contributions in the statements of activities.

In addition, a substantial number of volunteers have contributed their time to the Organization's program and supporting services; however, none of these services meet the requirements for financial statement recognition.

2. Summary of Significant Accounting Policies (continued)***Functional Allocation of Expenses***

The costs of providing the various program and supporting services has been summarized on a functional basis in the consolidated statements of activities and change in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Overhead expenses including occupancy, telephone and insurance are allocated to functional areas based upon space used or actual usage if specifically identifiable. The allocations of salary and related expenses for management and supervision of program service functions are made by management based on the estimated time spent on the various program service functions.

Compensated Absences

Employees of the Organization are entitled to paid time off (which includes vacation and sick time), depending upon length of service. The Organization's policy is for the employees to use their paid time off in the current year. If the paid time off is not utilized by September 30 of the following year then it cannot be carried into the following year, and it is forfeited. Only under certain circumstances does management allow for an employee to carry unused paid time off to the following year.

3. Newly adopted accounting standards

In May 2014, the Financial Accounting Standards Board Issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). Effective July 1, 2019, the Organization adopted ASU 2014-09 on a retrospective basis. The modifications under ASU 2014-09 were applied to all of the Organization's contracts with customers. No practical expedients were applied. The majority of the Organization's revenue is derived from contributions from Federal and State agencies which are accounted for under ASU 2018-08. Therefore, adoption of ASU 2014-09 had no impact on the recognition of revenue or on the opening balance of net assets.

The Organizations adopted FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance of Contributions Received and Contributions Made. This standard assists entities in evaluation whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organizations adopted the provisions of ASU 2018-08 on July 1, 2019 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There is no effect on net assets in connection with the implementation of ASU 2018-08.

Reclassification

Certain reclassifications have been made to the June 30, 2020 financial statements to conform to the June 30, 2021 financial statements presentation.

Subsequent Events

Pacific House, Inc. and Subsidiary monitored and evaluated any subsequent events for footnote disclosures of adjustments required in its financial statements for the fiscal year ended June 30, 2021 through November 10, 2021 on which the financial statements were available to be issued.

4. Concentration of Credit Risk

Financial instruments that potentially subject Pacific House, Inc. and Subsidiary to concentrations of credit risk consist principally of temporary cash investments in banks in excess of the U.S. Federal Deposits Insurance Corporation (FDIC) insured \$250,000 limit and all investments in money market and government reserve funds. Periodically, the balance of cash maintained at the financial institution may be in excess of the FDIC insurance limit. As of June 30, 2021, and 2020 Pacific House, Inc. and Subsidiary has an uninsured bank balance of \$161,522 and \$126,519 respectively.

Approximately 47% and 41%, for the years ended June 30, 2021 and 2020 of support and revenue is provided by government grants. As with all government funding, these grants and fees may be subject to reduction or termination in future years. Any significant reduction in these grants and fees could have a significant negative impact on the Organization's program services.

5. Investments

Investments at June 30, consisted of the following:

	2021	2020
Short term money market instruments	\$ 21,648	\$ 4,104

6. Fair Value Measurement

Accounting standards establish a framework for measuring fair value. The framework sets forth a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Fair Value Measurement (continued)

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement,

Following is a description of the valuation methodologies used by the Organization. There have been no changes in the methodologies used at June 30, 2021 and 2020.

<u>June 30, 2021</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Fund	\$ 21,648	\$ 21,648	\$ -	\$ -
<u>Total</u>	<u>\$ 21,648</u>	<u>\$ 21,648</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Fund	\$ 4,104	4,104	-	-
<u>Total</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ -</u>	<u>\$ -</u>

7. Land, Buildings, And Equipment

At June 30, Land, Buildings and Equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,521,117	\$ 1,596,117
Buildings and Improvements	22,133,794	16,845,567
Equipment	<u>767,212</u>	<u>694,040</u>
<u>Subtotal</u>	25,422,123	19,135,724
Less Accumulated Depreciation	<u>4,538,238</u>	<u>3,906,782</u>
<u>Total</u>	<u>\$ 20,883,885</u>	<u>\$ 15,228,942</u>

Depreciation and amortization expense amounted to \$633,383 and \$468,778 for the fiscal years June 30, 2021 and 2020 respectively.

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Notes Payable	<u>2021</u>	<u>2020</u>
Notes payable consist of the following at June 30:		
Non-interest bearing Note payable to the City of Stamford, in the amount of \$240,000 due April 2037. Present value of note discounted for interest rate (imputed at 7.5%). The mortgage is secured by the property located at 58 Stone Street, Stamford, CT.	\$ 76,397	\$ 71,066
Non-interest bearing Note payable to the City of Stamford, in the amount of \$140,000 due February, 2042. The mortgage is secured by the property located at 38 Ann Street, Stamford, CT.	140,000	140,000
Non-interest bearing Note payable to the City of Stamford, in the amount of \$60,000. The loan is for thirty years and is due June 2043. No interest will be charged and no monthly payments or principal required provided that no default occurs under the conditions of the loan agreement. The mortgage is secured by the property located at 38 Ann Street, Stamford, CT.	60,000	60,000
Non-interest bearing Note payable to the City of Stamford, in the amount of \$86,151. No interest will be charged and no monthly payments or principal required provided that the property is not sold or transferred prior to the expiration of the twenty (20) year period and is due August, 2032. The mortgage is secured by the property located at 597 Pacific Street, Stamford, CT.	86,151	86,151
Non-interest bearing Note payable to the City of Stamford, in the amount of \$360,000. No interest will be charged and no monthly payments or principal required provided that the property is not sold or transferred prior to the expiration of twenty (20) years and is due February 2033. The mortgage is secured by the property located at 23 Spruce Street, Stamford, CT.	360,000	360,000

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2021	2020
8. Notes Payable (continued)		
Non-interest bearing NSP Loan Agreement with the City of Stamford modified from \$554,000 to \$854,000. No monthly payments of principal required provided that the property remains very low income housing for forty (40) years from the date of occupancy of the project or until June 1, 2056, whichever shall occur later. The mortgage is secured by the property located at 190 Stillwater Avenue, Stamford, CT.	854,000	854,000
Mortgage payable to First County Bank in the amount of \$235,954, monthly principal and interest installments of \$1,547.19 through May 1, 2034 (effective interest rate of 5.125%). The mortgage is secured by the property located at 104 Richmond Hill Avenue, Stamford, CT.	176,740	185,862
Mortgage payable to First County Bank in the amount of \$1,290,006, monthly principal and interest installments of \$7,790.41 through February 1, 2035. The mortgage is secured by the properties located at 23 Spruce Street, 38 Ann Street, and 17 Berkeley Street, Stamford, CT. The current interest rate is 2.50%. The loan was converted to a mortgage on December 1, 2017.	1,078,747	1,143,984
Construction to Permanent Mortgage Loan payable to First County Bank up to \$703,389 dated, December 23, 2015. The term of the loan will be up to 22 years commencing on the first day of the month following the date of closing. Interest only until project is completed. Once the project is completed evidenced by Certificate of Occupancy the Loan shall convert to a twenty five (25) year loan payable in monthly principal and interest payments. For the first year borrower may take advances up to \$500,000 for construction costs. The interest rate will be fixed for 20 years at Federal Home Loan Bank of Boston 20 year rate plus two hundred seventy five (275) basis points with a twenty five year amortization period. The mortgage is secured by the properties located at 190 Stillwater Avenue and 104 Richmond Hill Avenue, Stamford, CT. The interest rate was 5.50%. The loan was converted on October 1, 2019 in the amount of \$703,389, monthly principal and interest installment of \$4,054.52. The current interest rate is 3.25% and matures on May 1, 2039.	657,579	684,087
Note payable to Federal Home Loan Bank of Boston Affordable Housing Program in the amount of \$400,000. This note shall be satisfied and the borrower shall be entitled to release of the Security Agreement upon the expiration of fifteen (15) years of operation (August 1, 2029) of the Project in accordance with the appropriate levels of performance which were originally committed in the AHP agreement from the date of completion or issuance of the Project's Certificate of Occupancy. The note is secured by the property located at 23 Spruce Street, 38 Ann Street, and 17 Berkeley Street, Stamford, CT.	400,000	400,000

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Notes Payable (continued)	2021	2020
<p>Non-Interest bearing Note payable to the City of Stamford, in the amount of \$60,000. No monthly payments of principal required provided that the property remains very low income housing for fifteen (15) years from the date of the project or until November 30, 2025 whichever shall occur later. The mortgage is secured by the property located at 23 Spruce Street, Stamford, CT.</p>	60,000	60,000
<p>Revolving Line of Credit from First County Bank was increased from \$150,000 to \$250,000, payments of interest only, variable rate based on "The Wall Street Prime Rate" plus 1.00% percentage points, current interest rate of 4.25%. The line of credit is payable on demand.</p>	-	240,000
<p>Non-interest bearing Note payable to the City of Stamford, up to an amount of \$120,000. All sums due under the NSP Program Loan shall be due and payable not later than August 20, 2035; however, if the Borrower complies with all of the terms and conditions in the Loan Agreement, Note and Mortgage, the principal amount shall be forgiven. The mortgage is secured by the property located at 190 Stillwater Avenue, Stamford, CT.</p>	120,000	120,000
<p>Non-interest bearing Note payable to the City of Stamford, in the amount of \$50,933. The loan is for twenty years and is due March, 2037. No interest will be charged and no monthly payments or principal required provided that no default occurs under the conditions of the loan agreement. The mortgage is secured by the property located at 597 Pacific Street, Stamford, CT.</p>	50,933	50,933
<p>Non-interest bearing Note payable to the City of Stamford, in the amount of \$13,000. No interest will be charged and no monthly payments or principal required provided that the property is not sold or transferred prior to the expiration of the twenty (20) year period and is due March, 2023. The mortgage is secured by the property located at 597 Pacific Street, Stamford, CT.</p>	13,000	13,000

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Notes Payable (continued)	2021	2020
Non-interest-bearing Note payable to City of Stamford, in the amount of \$60,000, for the rehabilitation of rental housing units located at 20-28 Fairfield Avenue in Stamford, CT. The loan is due on June 24, 2032.	60,000	60,000
Non-interest-bearing Note payable to City of Stamford, in the amount of \$80,000, for the rehabilitation of rental housing units located at 20-28 Fairfield Avenue in Stamford, CT. The loan is due on June 24, 2036.	80,000	80,000
Non-interest-bearing Note payable to City of Stamford, in the amount of \$80,000, for the rehabilitation of rental housing units located at 20-28 Fairfield Avenue in Stamford, CT. The loan is due on June 24, 2040.	80,000	80,000
Non-interest-bearing Note payable to City of Stamford, in the amount of \$120,000, for the rehabilitation of rental housing units located at 20-28 Fairfield Avenue in Stamford, CT. The loan is due on June 24, 2051.	120,000	120,000
Mortgage payable to First County Bank in the amount of \$280,000 interest only commencing August 1, 2019 until October 1, 2022 at which time principal and all outstanding interest is due. The mortgage is secured by the property located at 36 Ann Street, Stamford, CT. The current interest rate is 3.25%	280,000	280,000
Mortgage payable to First County Bank in the amount of \$1,000,000 interest only during the first twenty-four (24) months. After 24-months, the loan will convert to a 23-year amortization schedule with monthly principal and interest payments. The interest rate shall be fixed for five years based on the five-year Federal Home Loan Bank of Boston Regular Classic Advance Rate plus a margin equal to 225 basis points (2.25%) interest rate changes will then occur every five years thereafter. The mortgage is secured by the properties located at 20-22-24-26-28 Fairfield Avenue Stamford, CT. The current interest rate is 4.31%.	1,000,000	1,000,000

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2021	2020
8. Notes Payable (continued)		
Non-interest-bearing Note payable to the City of Stamford, in the amount of \$23,500. No interest will be charged and no monthly payments or principal required provided that the property is not sold or transferred prior to the expiration of twenty (20) years and is due March 2037. The mortgage is secured by the property located at 597 Pacific Street, Stamford, CT.	23,500	23,500
Loan Payable to Corporation for Supportive Housing in the amount of \$150,000. Interest rate 6% accrued and paid at maturity date, non-amortizing. Maturity date earlier of Borrowers receipt of State of Connecticut Housing Tax Credit funds or July 1, 2020. The loan is for pre-development costs for the front building at 100 S Main St., Norwalk, CT. The loan was paid off in November, 2020.	-	14,107
Note Payable to Federal Home Loan Bank of Boston Affordable Housing Program in the amount of \$500,000. This note shall be satisfied and the borrower shall be entitled to release of the Security Agreement upon the expiration of fifteen (15) years of operation (January 15, 2035) of the Project in accordance with the appropriate levels of performance which were originally committed in the AHP agreement from the date of completion or issuance of the Project's Certificate of Occupancy. The note is secured by the properties located at 190 Stillwater Avenue and 104 Richmond Hill Avenue, Stamford, CT.	500,000	500,000
Note Payable to Federal Home Loan Bank of Boston Affordable Housing Program in the amount of \$500,000. This note shall be satisfied and the borrower shall be entitled to release of the Security Agreement upon the expiration of fifteen (15) years of operation of the Project in accordance with the appropriate levels of performance which were originally committed in the AHP agreement from the date of completion or issuance of the Project's Certificate of Occupancy. The note is secured by the property located at 100 South Main Street (front building). The Project has not been completed as of June 30, 2021.	500,000	-
Construction Loan payable to First County Bank in the amount of \$550,000 interest only until June 30, 2022. The current interest rate is 6%.	550,000	-
Note Payable SBA Loan – In July 2020 the Organization obtained a \$150,000 disaster loan from the U.S. Small Business Administration under the terms of the loan principal and interest are payable over 30 years. The interest rate is 3%.	147,587	-
	\$ 7,474,634	\$ 6,626,690

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Notes Payable (continued)

The non-interest-bearing loan from the City of Stamford is reflected at the present value of the loan of \$240,000. The difference between the discounted loan payable and the amount due upon maturity has been reflected as net assets with donor restrictions and the discount is being accelerated to maturity value over the life of the loan.

Maturities of the notes payable principals are as follows:

Year Ended June 30,		\$	
2022			418,680
2023			406,510
2024			165,415
2025			176,300
2026 and Thereafter			6,307,729
		<u>\$</u>	<u>7,474,634</u>

9. Net Assets

Net assets without donor restrictions are comprised of the following Board-designated net assets at June 30:

	2021	2020
Net book value of fixed assets	\$13,409,251	\$ 8,602,652
General use	(8,333,857)	(4,816,134)
	<u>\$ 5,075,394</u>	<u>\$ 3,786,518</u>

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Building	\$1,215,065	\$1,185,656
Young Adult Program	15,500	-
Emergency Meal Program	5,000	-
Total	<u>\$1,235,565</u>	<u>\$1,185,656</u>

Net assets were released from donor restrictions when expenses were incurred or time lapsed to satisfy the restricted purposes specified by the donors for the years ended June 30 as follows:

	2021	2020
Contributions for Future Periods	\$ 19,923	\$ 125,698
Housing	496,538	372,735
	<u>\$ 516,461</u>	<u>\$ 498,433</u>

10. Retirement Plan

The Organization maintains a 403(b)-salary deferred retirement plan for its employees under the provisions of the Internal Revenue Code Section 403(b). The employees may elect to defer amounts according to the maximum allowed under Federal guidelines. The plan allows the Organization to make discretionary contributions which are determined annually. The discretionary contributions were \$49,855 and \$33,598 for the years ended June 30, 2021 and 2020 respectively.

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Lease Commitments

Pacific House, Inc. and Subsidiary leased office space in Stamford, Connecticut, through December 2015. As of January 2016, the lease is on a month to month basis. Rental expense totaled \$25,950 for the years ended June 30, 2021 and 2020 respectively.

The Organization also leases Copier equipment on a month to month basis.

12. Availability and Liquidity

Financial assets available to meet general expenditures in the next twelve months:

	<u>2021</u>
Cash and cash equivalents	\$ 398,587
Grants receivable	953,885
Accounts receivable	<u>114,327</u>
	\$ 1,466,799

Less amounts not available to be used within one year:

Net assets with donor restrictions	\$ -
	<u>\$ 1,466,799</u>

The Organization's goal is generally to maintain assets to meet 30 days of operating expenses. The Organization also has a \$250,000 line of credit to utilize for expenses if needed.

13. Contingencies – Government Audit

Pacific House, Inc. and Subsidiary various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with the grantors. As of the date of these statements, the materiality of adjustments to final costs, if any, are not material. There are no costs remaining as unresolved "questions costs" are of June 30, 2021.

14. Coronavirus

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. Through the date that this report was issued, there has not been a significant impact to the organization's operations. Pacific House, Inc. and Subsidiary is not able to reliably estimate the length or severity of the outbreak. If the length of the outbreak and related effects on the Organization's operations continues for an extended period of time, there could be a loss of revenue and other adverse effects to the Organization's financial position, results of operations, and cash flows.

15. Contributions – PPP

On April 4, 2020, the Organization was granted a \$387,500 loan under the Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration (the “SBA”) approved partner. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. On March 4, 2021, the Organization received full forgiveness of the loan by the SBA.

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

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*

Independent Auditor's Report

To the Board of Directors
Pacific House, Inc. and Subsidiary
Stamford, CT

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 Pacific House, Inc. (a nonprofit organization) and Subsidiary which comprise the consolidated statement of financial position as of June 30, 2021 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 November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Pacific House, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pacific House, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Pacific House, Inc. and Subsidiary'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors
Pacific House, Inc. and Subsidiary

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pacific House, Inc. and Subsidiary'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 determination of the consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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


Certified Public Accountants

Stamford, CT
November 10, 2021

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

Report on Compliance for Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
Pacific House, Inc. and Subsidiary
Stamford, Connecticut

Report on Compliance for Each Major Federal Program

We have audited Pacific House, Inc. and Subsidiary's compliance with the types of compliance requirements described in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of Pacific House, Inc. and Subsidiary's major federal programs for the year ended June 30, 2021. Pacific House, Inc. and Subsidiary's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pacific House, Inc. and Subsidiary's compliance.

To the Board of Directors
Pacific House, Inc. and Subsidiary

Opinion on Each Major Federal Program

In our opinion, Pacific House, Inc. and Subsidiary 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, 2021.

Report on Internal Control over Compliance

Management of Pacific House, Inc. and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pacific House, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pacific House, Inc. and Subsidiary's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Pacific House, Inc. and Subsidiary as of and for the year ended June 30, 2021 and have issued our report thereon dated November 10, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Kasimo Burroughs Company, P.C.
Certified Public Accountants

Stamford, CT
November 10, 2021

PACIFIC HOUSE, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Contract</u>	<u>Pass Through To Subrecipients</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Direct Award – Continuum of Care Program (Berkeley House)	CT0096LIE031912		14.267	\$ 175,480
Direct Award – Continuum of Care Program (Berkeley House)	CT0096LIE032013		14.267	37,288
Pass – through Department of Mental Health & Addition Services	19MHA2032		14.267	331,892
Pass – through AIDS CT Inc.			14.267	<u>75,184</u>
				<u>619,844</u>
Pass – through Connecticut Department of Housing	21DOH00003SCCV	(21,536)	14.231	152,822
Pass – through Supportive Housing Works Inc.			14.231	26,001
Pass – through AIDS CT Inc.			14.231	<u>4,832</u>
				<u>183,655</u>
Pass – through Supportive Housing Works Inc.			14.228	60,000
Pass – through Supportive Housing Works Inc.			14.238	201,476
Pass – through Supportive Housing Works Inc.			14.276	<u>60,500</u>
				<u>321,976</u>
Pass – through Connecticut Department of Housing	21DOH00003SCCV		14.218	4,625,000
Pass – through City of Stamford, CT			14.218	26,934
Pass – through City of Stamford, CT			14.218	91,446
Pass – through City of Greenwich, CT			14.218*	<u>173,583</u>
				<u>4,916,963</u>
Neighborhood Stabilization Program				
Pass – through Connecticut Department of Economic and Community Development			14.218*	994,000
Pass – through Connecticut Department of Economic and Community Development			14.256*	<u>360,000</u>
				1,354,000
Pass – through from City of Stamford Housing Section 8 Program			14.195	362,815
Pass – through City of Stamford Home Investment Partnership Program			14.239*	<u>580,000</u>
Total U.S Department of Housing and Urban Development				<u>8,339,253</u>
U.S Department of Health and Human Services:				
Social Services Block Grants	15DOH0101CN		93.667	100,259
Pass – through Connecticut Department of Housing				
Pass – through Connecticut Department Mental Health & Addiction Services			93.665	<u>17,333</u>
				<u>117,592</u>
Total U.S. Department of Health and Human Services				<u>117,592</u>

PACIFIC HOUSE, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Contract</u>	<u>Pass Through To Subrecipients</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Department of Homeland Security				
Direct Award – Emergency Food and Shelter National Board Program	142204-004		97.024	30,467
Pass – through Supportive Housing Works Inc.			97.024	85,557
Pass – through State of Connecticut – Department of Housing			97.036	35,236
Total Department of Homeland Security				<u>151,260</u>
Department of The Treasury				
Pass – through State of Connecticut – Department of Housing			21.019	560,835
Small Business Administration				
Disaster Assistance Loans (EIDL)			59.008	<u>150,000</u>
Total Expenditures of Federal Awards				<u>(\$ 21,536)</u> <u>\$ 9,318,940</u>

Note: * Represents outstanding loan balance.

The schedule of expenditures of federal awards has been prepared on the accrual basis of accounting

PACIFIC HOUSE, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Pacific House, Inc. and Subsidiary under programs of the federal government for the year ended June 30, 2021. 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 Pacific House, Inc. and Subsidiary it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pacific House, Inc. and Subsidiary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pacific House, Inc. and Subsidiary has not elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

PACIFIC HOUSE, INC.

AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over compliance:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) Yes None Reported

Type of auditors' 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) of the Uniform Guidance? Yes No

Identification of Major Programs

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass - through Grantor's Number</u>	<u>Expenditures</u>
Community Block Grant	14.218		\$ 4,625,000
Coronavirus Relief Fund	21.019		560,835
Continuum of Care Program	14.267		331,892
Home Investment Partnership Program	14.239		580,000
Section 8 Housing Program	14.195		362,815

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditor Qualified as Low - Risk Auditee Yes No

PACIFIC HOUSE, INC.

AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDING

- No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

- No matters were reported.

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

Report on Compliance for each Major State Program and Report on Internal Control over Compliance Required By the State Single Audit Act

Independent Auditors' Report

To the Board of Directors
Pacific House, Inc. and Subsidiary
Stamford, Connecticut

Report on Compliance for Each Major State Program

We have audited Pacific House, Inc. and Subsidiary's compliance with the types of compliance requirements described in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of Pacific House, Inc. and Subsidiary's major state programs for the year ended June 30, 2021. Pacific House, Inc. and Subsidiary's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pacific House, Inc. and Subsidiary's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Pacific House, Inc., and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Pacific House, Inc. and Subsidiary's compliance.

Opinion on Each Major State Program

In our opinion, Pacific House, Inc. and Subsidiary's 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 state programs for the year ended June 30, 2021.

To the Board of Directors
Pacific House, Inc. and Subsidiary

Report on Internal Control over Compliance

Management of Pacific House, Inc. and Subsidiary's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pacific House, Inc. and Subsidiary's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pacific House, Inc. and Subsidiary's 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 state 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule Of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the consolidated financial statements of Pacific House, Inc. and Subsidiary as of and for the year ended June 30, 2021, and have issued our report thereon dated November 10, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.


Certified Public Accountants

Stamford, CT
November 10, 2021

PACIFIC HOUSE, INC.

AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2021

<u>State Grantor/ Pass Through Grantor/ Program Title</u>	<u>State Grant Program CORE – CT Number</u>	<u>Expenditures</u>
Department of Housing		
Affordable Housing (Flexiable Program)	12063-DOH46900-40237	\$ 441,756
AIDS Residential (AID)	11000-DOH46920-16149	<u>304,786</u>
Total Department of Housing		<u>\$ 746,542</u>
Department of Mental Health and Addiction Services		
Housing Supports & Services		58,000
Pass Through From Catholic Charities Fairfield County	11000-MHA53000-12035	210,965
Discharge & Diversion Services	11000-MHA53000-12330	<u>102,913</u>
Mental Health Services Grants	11000-MHA53000-16053	
Total Department of Mental Health and Addiction Services		<u>\$ 371,878</u>
Total Expenditures of State Financial Assistance		<u>\$ 1,118,420</u>

PACIFIC HOUSE, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of Pacific House, Inc. and Subsidiary under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including housing, support services, capital acquisitions and improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pacific House, Inc. and Subsidiary conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the schedule is presented based upon regulations established by the State of Connecticut, Office of Policy Management.

Basis of Accounting

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

PACIFIC HOUSE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes 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 Section 4-236-24 of the Regulations to the State Single Audit Act? Yes No

- The following schedule reflects the major programs included in the audit:

<u>STATE GRANTOR AND PROGRAM</u>	<u>STATE CORE – CT NUMBER</u>	<u>EXPENDITURES</u>
Department of Housing AIDS Residential	11000-DOH46920-16149	304,786
Department of Mental Health and Addiction Services Housing Support & Services	11000-MHA-53000-12035	58,000
Discharge & Diversion Services	11000-MHA-53000-12330	210,965

- Dollar threshold used to distinguish between type A and type B programs. \$ 100,000

PACIFIC HOUSE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

II. FINANCIAL STATEMENT FINDINGS

- No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No matters were reported.