

Friendship Place

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

September 30, 2024 and 2023

Friendship Place

Financial Statements
September 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friendship Place

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Friendship Place, which comprise the statements of financial position as of September 30, 2024 and 2023; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friendship Place as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Friendship Place and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friendship Place's ability to continue as a going concern within one year after the date that the 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Friendship Place'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friendship Place's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the 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 March 19, 2025 on our consideration of Friendship Place'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 the effectiveness of Friendship Place'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 Friendship Place's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being integrated into the flow of the text.

Vienna, Virginia
March 19, 2025

Friendship Place

Statements of Financial Position September 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 1,862,491	\$ 2,363,115
Accounts receivable	348	348
Grants receivable	1,921,887	1,387,035
Contributions receivable, net	1,048,582	306,763
Investments	3,693,657	3,491,900
Prepaid expenses	44,923	37,196
Deposits and other assets	60,026	69,239
Property and equipment, net	974,829	1,009,393
Right-of-use assets – operating leases	979,896	1,376,634
Total assets	<u>\$ 10,586,639</u>	<u>\$ 10,041,623</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,121,975	\$ 1,175,009
Security deposit payable	90,905	96,306
Lease liabilities – operating leases	1,018,425	1,410,079
Total liabilities	<u>2,231,305</u>	<u>2,681,394</u>
Net Assets		
Without donor restrictions	6,238,004	5,709,774
With donor restrictions	2,117,330	1,650,455
Total net assets	<u>8,355,334</u>	<u>7,360,229</u>
Total liabilities and net assets	<u>\$ 10,586,639</u>	<u>\$ 10,041,623</u>

See accompanying notes.

Friendship Place

Statement of Activities For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and foundation grants	\$ 2,743,091	\$ 1,116,451	\$ 3,859,542
Federal grants	12,741,574	-	12,741,574
Fee for service income	7,191,660	-	7,191,660
Investment return, net	236,117	-	236,117
Other income	2,639	-	2,639
Released from restrictions	649,576	(649,576)	-
Total revenue and support	<u>23,564,657</u>	<u>466,875</u>	<u>24,031,532</u>
Expenses			
Program services:			
Veterans services	8,497,757	-	8,497,757
Permanent supportive housing	5,616,107	-	5,616,107
Short-term family facility	3,406,109	-	3,406,109
Outreach services	2,394,758	-	2,394,758
Volunteer and community engagement	242,418	-	242,418
Total program services	<u>20,157,149</u>	<u>-</u>	<u>20,157,149</u>
Supporting services:			
Management and general	1,647,461	-	1,647,461
Fundraising	1,231,817	-	1,231,817
Total supporting services	<u>2,879,278</u>	<u>-</u>	<u>2,879,278</u>
Total expenses	<u>23,036,427</u>	<u>-</u>	<u>23,036,427</u>
Change in Net Assets	528,230	466,875	995,105
Net Assets, beginning of year	<u>5,709,774</u>	<u>1,650,455</u>	<u>7,360,229</u>
Net Assets, end of year	<u><u>\$ 6,238,004</u></u>	<u><u>\$ 2,117,330</u></u>	<u><u>\$ 8,355,334</u></u>

See accompanying notes.

Friendship Place

Statement of Activities For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and foundation grants	\$ 2,368,174	\$ 402,993	\$ 2,771,167
Federal grants	10,464,075	-	10,464,075
Fee for service income	7,415,699	-	7,415,699
Investment return, net	114,613	-	114,613
Other income	2,888	-	2,888
Released from restrictions	798,058	(798,058)	-
Total revenue and support	21,163,507	(395,065)	20,768,442
Expenses			
Program services:			
Veterans services	7,748,500	-	7,748,500
Permanent supportive housing	5,381,443	-	5,381,443
Short-term family facility	3,301,386	-	3,301,386
Outreach services	2,128,779	-	2,128,779
Volunteer and community engagement	211,746	-	211,746
Total program services	18,771,854	-	18,771,854
Supporting services:			
Management and general	1,833,043	-	1,833,043
Fundraising	1,024,210	-	1,024,210
Total supporting services	2,857,253	-	2,857,253
Total expenses	21,629,107	-	21,629,107
Change in Net Assets	(465,600)	(395,065)	(860,665)
Net Assets, beginning of year	6,175,374	2,045,520	8,220,894
Net Assets, end of year	\$ 5,709,774	\$ 1,650,455	\$ 7,360,229

See accompanying notes.

Friendship Place

Statement of Functional Expenses
For the Year Ended September 30, 2024

	Program Services						Supporting Services			Total Expenses
	Veterans Services	Permanent Supportive Housing	Short-Term Family Facility	Outreach Services	Volunteer and Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,916,307	\$ 3,756,626	\$ 1,322,212	\$ 977,298	\$ 188,426	\$ 9,160,869	\$ 826,885	\$ 668,382	\$ 1,495,267	\$ 10,656,136
Payroll taxes	229,647	297,091	110,066	87,392	14,254	738,450	183,860	52,078	235,938	974,388
Employee benefits	354,428	363,176	84,998	77,617	30,402	910,621	21,167	55,402	76,569	987,190
Pension expense	36,518	28,082	11,321	19,064	9,336	104,321	47,540	20,597	68,137	172,458
Total personnel	3,536,900	4,444,975	1,528,597	1,161,371	242,418	10,914,261	1,079,452	796,459	1,875,911	12,790,172
Accounting services	-	-	-	-	-	-	54,941	-	54,941	54,941
Bank fees and licenses	4,189	925	-	52	-	5,166	18,046	34,417	52,463	57,629
Client assistance	4,510,177	713,631	152,137	1,037,678	-	6,413,623	10	1,497	1,507	6,415,130
Conference and workshops	12,405	2,555	1,007	3,142	-	19,109	8,911	77,719	86,630	105,739
Depreciation and amortization	-	4,001	20,592	24,982	-	49,575	19,990	-	19,990	69,565
Dues and subscriptions	798	757	762	171	-	2,488	3,824	12,332	16,156	18,644
Equipment leases	10,826	14,984	5,937	8,004	-	39,751	389	1,383	1,772	41,523
Insurance	33,060	-	-	-	-	33,060	110,400	368	110,768	143,828
Occupancy	223,892	183,513	16,147	47,665	-	471,217	32,021	1,979	34,000	505,217
Postage and printing	489	5,406	660	3,649	-	10,204	1,862	57,411	59,273	69,477
Professional fees	55,980	90,110	1,600,290	69,265	-	1,815,645	163,512	205,355	368,867	2,184,512
Supplies	36,797	92,311	44,384	10,933	-	184,425	128,148	37,403	165,551	349,976
Telephone, internet, and cable	33,407	47,075	35,404	20,491	-	136,377	15,221	4,531	19,752	156,129
Travel	38,837	15,864	192	7,355	-	62,248	10,734	963	11,697	73,945
Total Expenses	\$ 8,497,757	\$ 5,616,107	\$ 3,406,109	\$ 2,394,758	\$ 242,418	\$ 20,157,149	\$ 1,647,461	\$ 1,231,817	\$ 2,879,278	\$ 23,036,427

See accompanying notes.

Friendship Place

Statement of Functional Expenses
For the Year Ended September 30, 2023

	Program Services						Supporting Services			Total Expenses
	Veterans Services	Permanent Supportive Housing	Short-Term Family Facility	Outreach Services	Volunteer and Community Engagement	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,669,848	\$ 3,470,849	\$ 1,119,209	\$ 921,206	\$ 170,327	\$ 8,351,439	\$ 764,802	\$ 530,942	\$ 1,295,744	\$ 9,647,183
Payroll taxes	191,895	274,969	94,963	88,871	13,668	664,366	87,142	42,775	129,917	794,283
Employee benefits	299,419	262,521	75,758	109,938	19,250	766,886	204,387	36,919	241,306	1,008,192
Pension expense	41,748	24,054	14,293	18,399	8,476	106,970	30,023	19,450	49,473	156,443
Total personnel	3,202,910	4,032,393	1,304,223	1,138,414	211,721	9,889,661	1,086,354	630,086	1,716,440	11,606,101
Accounting services	-	-	-	-	-	-	30,071	-	30,071	30,071
Bank fees and licenses	4,971	1,371	64	748	-	7,154	9,416	26,015	35,431	42,585
Client assistance	4,163,271	749,225	148,291	813,761	-	5,874,548	3,593	-	3,593	5,878,141
Conference and workshops	6,749	2,275	645	3,408	-	13,077	3,007	48,290	51,297	64,374
Depreciation and amortization	-	3,320	14,175	-	-	17,495	49,730	-	49,730	67,225
Dues and subscriptions	395	735	-	222	-	1,352	3,652	2,926	6,578	7,930
Equipment leases	9,241	8,725	4,894	6,906	-	29,766	-	4,637	4,637	34,403
Insurance	3,493	966	-	547	-	5,006	113,503	391	113,894	118,900
Occupancy	243,086	205,473	22,846	75,108	-	546,513	146,339	3,270	149,609	696,122
Postage and printing	3,112	8,484	1,383	2,830	-	15,809	11,119	63,835	74,954	90,763
Professional fees	26,457	189,476	1,740,956	40,531	-	1,997,420	235,296	178,709	414,005	2,411,425
Supplies	22,367	112,635	33,512	20,628	-	189,142	100,998	57,852	158,850	347,992
Other	-	124	186	27	-	337	1,564	564	2,128	2,465
Telephone, internet, and cable	32,318	53,993	29,821	20,432	25	136,589	28,900	4,466	33,366	169,955
Travel	30,130	12,248	390	5,217	-	47,985	9,501	3,169	12,670	60,655
Total Expenses	\$ 7,748,500	\$ 5,381,443	\$ 3,301,386	\$ 2,128,779	\$ 211,746	\$ 18,771,854	\$ 1,833,043	\$ 1,024,210	\$ 2,857,253	\$ 21,629,107

See accompanying notes.

Friendship Place

Statements of Cash Flows For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 995,105	\$ (860,665)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	69,565	67,225
Change in allowance for contributions receivable	(1,679)	24,349
Change in discount for contributions receivable	22,053	9,321
Net realized and unrealized gain on investments	(92,241)	(30,168)
Amortization of right-of-use assets – operating leases	364,268	390,192
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(534,852)	167,237
Contributions receivable	(762,193)	204,422
Prepaid expenses	(7,727)	(7,528)
Deposits and other assets	9,213	13,698
Increase (decrease) in:		
Accounts payable and accrued expenses	(53,034)	397,396
Refundable advances	-	(40,658)
Security deposit payable	(5,401)	(23,905)
Lease liabilities – operating leases, net	(359,184)	(378,515)
Net cash used in operating activities	(356,107)	(67,599)
Cash Flows from Investing Activities		
Purchases of property and equipment	(35,001)	(56,054)
Purchases of investments	(1,406,388)	(4,324,312)
Proceeds from sale of investments	1,296,872	862,580
Net cash used in investing activities	(144,517)	(3,517,786)
Net Decrease in Cash and Cash Equivalents	(500,624)	(3,585,385)
Cash and Cash Equivalents, beginning of year	2,363,115	5,948,500
Cash and Cash Equivalents, end of year	\$ 1,862,491	\$ 2,363,115
Noncash Transactions Arising from ASC 842 Adoption:		
Establishment of right-of-use assets – operating leases	\$ 32,470	\$ 1,766,826
Establishment of lease liabilities – operating leases	\$ 32,470	\$ 1,784,611

See accompanying notes.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

1. Nature of Operations

Friendship Place is a leader in the Washington, DC, metro area in developing solutions to homelessness that have measurable results and a lasting impact. Friendship Place's mission is to empower people who are experiencing or at risk of homelessness to attain stable housing and rebuild their lives. Friendship Place helped 5,430 and 4,993 people in the years ended September 30, 2024 and 2023, respectively, with comprehensive, wraparound services that included street outreach, drop-in, free medical and psychiatric services, job placement, case management, transitional shelter, rapid rehousing, homelessness prevention, permanent supportive housing, and specialized services for families, youth, and veterans.

Friendship Place administers the following programs:

Veterans Services

Veterans First: Provides short-term, intensive case management and rental assistance to help homeless veterans and their families get back into housing quickly and to prevent homelessness for veteran households at risk of eviction. The program targets extremely low-income households (less than 30% of the Area Median Income) and serves the District of Columbia and eight surrounding counties in Maryland and Virginia. The program received additional funding from the U.S. Department of Veterans Affairs for a long-term shallow subsidy initiative for single veteran households in the District of Columbia. During the year ended September 30, 2024, 646 households were served (encompassing 948 total family members) through all services; of those who exited the program during the year, 95% graduated to stable permanent housing.

Permanent Supportive Housing

Friendship Place is a leading DC provider of Permanent Supportive Housing (PSH) for highly vulnerable, chronically homeless individuals and families. The PSH programs are based on a low-barrier, Housing First service model and include scattered-site apartments and an apartment building for 40 men. Case managers help participants transition directly from homelessness into housing, and then provide long-term support to address the full range of their needs and empower them to achieve personal goals for recovery, wellness, self-sufficiency, and integration into the community.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

1. Nature of Operations (continued)

Permanent Supportive Housing (continued)

During the year ended September 30, 2024, 188 PSH families and 352 PSH individuals were housed. PSH housing programs ended the fiscal year with a housing retention rate of 95%.

Bridge Housing

The Valley Place Bridge Housing programming supported 161 individuals during the year ended September 30, 2024.

The Aston, a new Bridge Housing program, officially opened in November 2024 with capacity to serve over 100 individuals at a given time.

Short-Term Family Facility

The Brooks: The short-term family housing facility was opened in April 2020 as part of the District's efforts to end homelessness among families. With the capacity to serve up to 50 families at a time, The Brooks is designed to address the needs of resident families with wrap-around supportive services, clinical supports, child programming, and housing-solutions with a goal of moving families from shelter to stable housing within 90 days of entry. During the year ended September 30, 2024, 167 families were served (encompassing 535 total persons), and 134 households exited (72% to stable housing and 53% of families exited in less than 90 days).

Outreach Services

Outreach services include employment services, welcome center, and youth services as follows:

Employment Services

- *AimHire:* Empowers homeless and at-risk adults to secure stable employment and housing, through individualized, person-centered, wraparound services. The program addresses the needs of people with significant barriers to employment and housing, such as criminal records, histories of substance abuse or mental illness, spotty work histories, and poor credit and rental records. During the year ended September 30, 2024, 140 people were placed into jobs, with an average starting wage of \$19.59 per hour.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

1. Nature of Operations (continued)

Outreach Services (continued)

Welcome Center

- *Street Outreach:* Friendship Place conducts Street Outreach to men and women experiencing homelessness in upper Northwest DC, with a special focus on the hardest-to-serve – those who have been on the streets for an extended period of time, who have mental health and/or substance abuse issues, and who are disconnected from DC’s continuum of care. During the year ended September 30, 2024, 74 individuals were served.
- *Drop-in:* Through Friendship Place’s Welcome Center, visitors can help themselves to a cup of coffee, a meal, and free necessities such as toiletries, Metro passes, undergarments, and rain ponchos. Visitors can also use the phone or a computer or do laundry, receive mail, and meet with a case manager to take steps to rebuild their lives. During the year ended September 30, 2024, 1,219 individuals received service, including 205 who received assistance to successfully obtain vital documents.
- *Free Clinic:* Anyone who comes through the door of Friendship Place’s Welcome Center can get free access to a doctor, nurse, or psychiatrist. There are no insurance or even ID requirements, and same-day appointments are available. Services were scaled during the year due to COVID-19 and the availability of practitioners.
- *Access to Housing:* Friendship Place’s staff can help visitors access housing services anywhere in the District, not just at Friendship Place.

Youth Services

- *Before Thirty:* Provides individualized, person-centered, and developmentally-informed supportive services and counseling to homeless and at-risk 17- to 29-year-olds. During the year ended September 30, 2024, 80 young people were served. 60% reported progress towards at least one financial, educational, employment, or health goal.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

1. Nature of Operations (continued)

Outreach Services (continued)

Youth Services (continued)

- *Youth Connect:* Outreaches to youth between the ages of 18 and 24 who are economically or emotionally detached from their families and are homeless, unstably housed, living in doubled-up circumstances, in transitional housing, in shelter, or on the street. During the year ended September 30, 2024, 256 youth were served.

Volunteer and Community Engagement

Friendship Place actively solicits the support of volunteers. During the year ended September 30, 2024, more than 1,055 people provided volunteer service in every program and at every level of the organization, providing over 10,550 volunteer hours. The community engagement program also involves community members in advocacy for positive solutions to homelessness at the Federal and DC levels, and coordinates a speakers' bureau that offers educational presentations to community groups.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

Friendship Place's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Friendship Place reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

For the purpose of the statements of cash flows, Friendship Place considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Restricted Cash

Restricted cash consists of deposits held by Friendship Place on behalf of clients that lease space through Friendship Place. Restricted cash totaled \$168,826 and \$181,201 at September 30, 2024 and 2023, respectively, and is included in cash and cash equivalents in the accompanying statements of financial position.

Grants Receivable

Grants receivable consist mainly of amounts to be reimbursed to Friendship Place for expenses incurred under its agreements with the U.S. Department of Veterans Affairs and the U.S. Department of Housing and Urban Development. The entire amount is expected to be collected within one year, and is recorded at net realizable value. At September 30, 2024 and 2023, management deems all grants receivable to be fully collectible, and no allowance for uncollectible accounts was established.

Contributions Receivable

Contributions receivable represent unconditional promises to be paid in future periods and are recorded at net present value. Contributions due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return.

Friendship Place provides an allowance for doubtful contributions using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability, and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the amounts are written off against the related allowance.

Investments

Investments are recorded at fair value based on quoted market prices. All interests and dividends, and realized and unrealized gains and losses, net of investment management fees, are reported in net investment return in the accompanying statements of activities.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$5,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to 27.5 years. Leasehold improvements are stated at cost, and are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. Repairs and maintenance costs are expensed as incurred.

Operating Leases

Friendship Place determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, which represent Friendship Place's right to use an underlying asset for the lease term, and lease liabilities represent Friendship Place's obligation to make lease payments arising from the lease. Operating ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As Friendship Place's leases do not provide an implicit rate, Friendship Place used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. Friendship Place's lease terms may include options to extend or terminate the lease when it is reasonably certain that Friendship Place will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition

Contributions and Foundation Grants

Friendship Place recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Federal Grants

A portion of Friendship Place's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Friendship Place has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Fee for Service Contract Income

Fee for service income is recognized as revenue when services are performed, which is when the sole performance obligation is satisfied.

Revenue from all other sources is recognized when earned.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

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

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, Friendship Place has evaluated events and transactions for potential recognition or disclosure through March 19, 2025, the date the financial statements were available to be issued.

3. Liquidity and Availability

Friendship Place strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, Friendship Place invests cash in excess of daily requirements in various cash equivalents and investments. As described in Note 8 to the financial statements, Friendship Place is in the process of renewing the line of credit in the amount of \$700,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance on this line of credit at both September 30, 2024 and 2023.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at September 30:

	2024	2023
Cash and cash equivalents	\$ 1,862,491	\$ 2,363,115
Accounts receivable	348	348
Grants receivable	1,921,887	1,387,035
Contributions receivable, net	1,048,582	306,763
Investments	1,953,357	2,245,269
Total financial assets	6,786,665	6,302,530
Less: restricted by donors	(2,117,330)	(1,650,455)
Total available for general expenditures	<u>\$ 4,669,335</u>	<u>\$ 4,652,075</u>

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject Friendship Place to significant concentrations of credit risk consist of cash and cash equivalents, and investments. Friendship Place maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). Friendship Place has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

During the years ended September 30, 2024 and 2023, 53% and 50%, respectively, of Friendship Place's revenue and support was provided by federal grants. Any significant reduction in revenue and support may significantly impact Friendship Place's financial position and operations.

5. Investments and Fair Value Measurements

Friendship Place follows Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. Friendship Place recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

5. Investments and Fair Value Measurements (continued)

In general, and where applicable, Friendship Place uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. When quoted market prices for similar assets are available in markets that are not active, securities are classified within Level 2 of the valuation hierarchy. Level 2 includes U.S. Treasuries.

The following table presents Friendship Place's fair value hierarchy for those investments measured on a recurring basis at September 30:

	Level 1	Level 2	Level 3	Total
<u>2024:</u>				
Money market funds	\$ 85,020	\$ -	\$ -	\$ 85,020
Exchange-traded funds	989,496	-	-	989,496
Fixed income:				
U.S Treasuries	-	2,619,141	-	2,619,141
Total investments	<u>\$ 1,074,516</u>	<u>\$ 2,619,141</u>	<u>\$ -</u>	<u>\$ 3,693,657</u>
<u>2023:</u>				
Money market funds	\$ 34,393	\$ -	\$ -	\$ 34,393
Exchange-traded funds	939,828	-	-	939,828
Fixed income:				
U.S Treasuries	-	2,517,679	-	2,517,679
Total investments	<u>\$ 974,221</u>	<u>\$ 2,517,679</u>	<u>\$ -</u>	<u>\$ 3,491,900</u>

Net investment return consist of the following for the years ended September 30:

	2024	2023
Interest and dividend income	\$ 151,362	\$ 91,946
Realized and unrealized gain	92,241	30,168
Less: investment management fees	<u>(7,486)</u>	<u>(7,501)</u>
Total investment return, net	<u>\$ 236,117</u>	<u>\$ 114,613</u>

Friendship Place

Notes to Financial Statements September 30, 2024 and 2023

6. Contributions Receivable

Contributions receivable are promised as follows at September 30:

	2024	2023
Due in one year or less	\$ 920,088	\$ 168,087
Due in one to five years	290,013	279,821
Total contributions receivable	1,210,101	447,908
Less: allowance for doubtful accounts	(87,903)	(89,582)
Less: present value discount (2% - 5%)	(73,616)	(51,563)
Contributions receivable, net	<u>\$ 1,048,582</u>	<u>\$ 306,763</u>

Included in contributions receivable at September 30, 2024 is an unrestricted pledge totaling \$670,588 from an individual that gifted this to Friendship Place at the end of fiscal year 2024. Subsequent to year end, in November 2024, Friendship place collected the full amount, and converted the receivable to cash, which will be reflected in the September 30, 2025 statement of cashflows.

7. Property and Equipment

Property and equipment consists of the following at September 30:

	2024	2023
Land	\$ 95,225	\$ 95,225
Buildings	380,902	380,902
Building improvements	637,962	637,962
Condominium	526,835	526,835
Leasehold improvements	10,404	10,404
Equipment, furniture, and fixtures	73,317	73,317
Automobiles	167,315	132,315
Total property and equipment	1,891,960	1,856,960
Less: accumulated depreciation	(917,131)	(847,567)
Property and equipment, net	<u>\$ 974,829</u>	<u>\$ 1,009,393</u>

Friendship Place

Notes to Financial Statements September 30, 2024 and 2023

8. Line of Credit

In August 2021, Friendship Place secured a revolving line of credit with Presidential Bank in the amount of \$700,000, payable on demand. Amounts borrowed under this agreement will be charged .50% per annum above the Wall Street Journal Program Rate; however, the rate will not fall below 3.75%. The line is collateralized by the assets of Friendship Place. The line of credit expired on January 1, 2025, and Friendship Place is currently in the process of renewing the line of credit. There was no outstanding balance on this line of credit at both September 30, 2024 and 2023.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at September 30:

	2024	2023
Purpose restricted:		
Homeless Veterans Initiative	\$ 530,785	\$ 565,657
Youth programs	317,818	328,296
Homeless and residential	187,206	417,043
Professional development	25,891	26,111
Time restricted	1,048,582	306,763
Endowment – Military Veterans’ Assistance Fund	7,048	6,585
Total net assets with donor restrictions	<u>\$ 2,117,330</u>	<u>\$ 1,650,455</u>

10. Endowment

In connection with the condominium gift in 2022, the donor established a fund for other restricted activities related to veterans’ services (“the Fund”). An initial and subsequent contributions of \$5,096 and \$1,493 were made, representing the corpus of the gift. Since the Fund is effectively perpetual, it is technically treated as endowment under accounting principles accepted in the United States. Friendship Place has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date, absent explicit donor stipulations to the contrary. Friendship Place follows a conservative investment policy for the endowment fund that attempts to preserve fully the original corpus and optimize returns. Changes in the Fund following the initial and subsequent contributions are not material.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

10. Endowment (continued)

During the year ended September 30, 2022, Friendship Place received a \$5,096 donor-restricted contribution to establish the Fund to be held in perpetuity, the earnings, along with a percentage of the Fund's balance at the beginning of the previous fiscal year, can be used in accordance with the donors' intent.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor, or UPMIFA, requires Friendship Place to retain as funds of perpetual duration. Deficiencies result from unfavorable market fluctuations that occurred after the investment of restricted contributions. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of September 30, 2024 and 2023, there were no such deficiencies.

11. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, payroll taxes, employee benefits, pension expense, conference and workshops, dues and subscriptions, occupancy, postage and printing, professional fees, supplies, telephone, internet, and cable, and travel, which are allocated on the basis of estimates of time and effort.

12. Commitments and Contingencies

Operating Leases

In December 2021, Friendship Place entered into an agreement to lease office space at 1436 U Street, NW under the terms of an operating lease that commenced on January 1, 2022 and is set to expire on December 31, 2026. The terms of the lease include fixed base rental payments of \$28,720 due monthly, with annual escalations of 3%.

In August 2022, Friendship Place entered into an agreement to lease office space at 1020 North Fairfax Street under the terms of an operating lease that commenced on October 1, 2022 and is set to expire on September 30, 2028. The terms of the lease include fixed base rental payments of \$3,050 due monthly, with annual escalations of 4%.

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

12. Commitments and Contingencies (continued)

Operating Leases (continued)

Rent expenses under these leases totaled \$454,767 and \$508,363 for the years ended September 30, 2024 and 2023, respectively, which is included in occupancy expenses in the statements of functional expenses.

Friendship Place also leases certain office equipment under operating leases expiring through October 2026. In October 2023, Friendship Place entered into a new copier lease, which commenced in November 2023 and is set to expire in October 2026.

Supplemental qualitative information related to the operating leases are as follows as of, and for the years ended September 30:

	2024	2023
Operating leases cost	\$ 428,906	\$ 425,345
Cash paid for amounts included in the measurement of lease liabilities		
– operating cash flows from operating leases	\$ 431,388	\$ 416,708
ROU assets obtained in exchange for new operating lease liabilities	\$ 32,470	\$ 1,766,826
Weighted-average remaining lease term for operating leases (in years)	2.3	3.3
Weighted-average discount rate for operating leases	4.19%	4.18%

Maturities of the lease liabilities under the operating leases are as follows for the years ending September 30:

2025	\$ 443,082
2026	440,237
2027	140,783
2028	3,710
	1,027,812
Total minimum lease payments	1,027,812
Less: discount to present value at 4.19%	(9,387)
	\$ 1,018,425
Present value of operating lease liabilities	

Friendship Place

Notes to Financial Statements
September 30, 2024 and 2023

12. Commitments and Contingencies (continued)

Federal Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are closed out, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

13. Retirement Plan

Friendship Place maintains a 403(b) annuity retirement plan for its employees. Friendship Place may make a discretionary employer matching contribution up to a specified dollar amount or percentage of a participating employee's compensation, as determined by the Board of Directors. Employees must complete 12 consecutive months of service and must have worked at least 20 hours a week, or 1,000 hours during the year, to be eligible for the matching contribution. During the years ended September 30, 2024 and 2023, Friendship Place matched 5% of compensation and pension expense totaling \$172,458 and \$156,443, respectively.

14. Income Taxes

Friendship Place is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended September 30, 2024 and 2023, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to Friendship Place are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated Friendship Place's tax positions and concluded that the financial statements do not include any uncertain tax positions.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

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

To the Board of Directors of
Friendship Place

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 financial statements of Friendship Place, which comprise the statement of financial position as of September 30, 2024; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friendship Place’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 Friendship Place’s internal control. Accordingly, we do not express an opinion on the effectiveness of Friendship Place’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.

Report on Internal Control over Financial Reporting (continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friendship Place's 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 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.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being clearly visible.

Vienna, Virginia
March 19, 2025

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

To the Board of Directors of
Friendship Place

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Friendship Place'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 Friendship Place's major federal programs for the year ended September 30, 2024. Friendship Place'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, Friendship Place 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 September 30, 2024.

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 Friendship Place 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 Friendship Place'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 Friendship Place'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 Friendship Place'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 Friendship Place'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 Friendship Place'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 Friendship Place'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 Friendship Place'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 a 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.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being clearly visible.

Vienna, Virginia
March 19, 2025

Friendship Place

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Veterans Affairs				
VA Supportive Services for Veteran Families Program	64.033	n/a	\$ -	\$ 8,118,321
Total U.S. Department of Veterans Affairs			-	8,118,321
U.S. Department of Housing and Urban Development				
<i>Pass-Through from the Community Partnership for the Prevention of Homelessness:</i>				
Supportive Housing Program	14.235	DC0005L3G002216	-	287,428
Continuum of Care Program	14.267	DC0100L3G002205	-	230,724
Continuum of Care Program	14.267	DC0094L3G0022005	-	269,122
Continuum of Care Program	14.267	DC0106L3G002203	-	273,165
Total ALN 14.267			-	773,011
Total U.S. Department of Housing and Urban Development			-	1,060,439
U.S. Department of Labor				
Homeless Veterans Reintegration Program	17.805	n/a	-	299,587
Total U.S. Department of Labor			-	299,587
U.S. Department of Health and Human Services				
<i>Direct Award:</i>				
Medical Assistance Program	93.778	n/a	-	3,006,832
<i>Pass-Through from the Community Partnership for the Prevention of Homelessness:</i>				
Bridge Housing and Transitional Program	93.667	2410FPVP-1	-	256,395
Total U.S. Department of Health and Human Services			-	3,263,227
Total Expenditures of Federal Awards			\$ -	\$ 12,741,574

See accompanying notes to the schedule of expenditures of federal awards.

Friendship Place

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Friendship Place under the programs of the federal government for the year ended September 30, 2024. The information in the SEFA 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 SEFA presents only a selected portion of the operations of Friendship Place, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Friendship Place.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA 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.

3. Indirect Cost Rate

Friendship Place has elected not to use the 10% *de minimis* indirect cost rate, as allowed under the Uniform Guidance.

Friendship Place

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2024

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major programs:

Assistance Listing Number	Name of Federal Program or Cluster Title
64.033	VA Supportive Services for Veteran Families Program
14.267	Continuum of Care Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

Friendship Place

Schedule of Findings and Questioned Costs (continued) For the Year Ended September 30, 2024

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2024 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the 2024 audit.

Friendship Place

Corrective Action Plan For the Year Ended September 30, 2024

There were no findings for the year ended September 30, 2024, and therefore, a corrective action plan was not needed.

Friendship Place

Schedule of Prior Audit Findings For the Year Ended September 30, 2024

There were no findings or questioned costs reported for the September 30, 2023 audit.