MIDLANDS HOUSING ALLIANCE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

MIDLANDS HOUSING ALLIANCE, INC.

FOR THE YEAR ENDED JUNE 30, 2023

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Midlands Housing Alliance, Inc.
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Midlands Housing Alliance, Inc.** (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Midlands Housing Alliance, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contain 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 Midlands Housing Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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 the Organization'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards 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 21, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 21, 2024

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,475,770
Certificates of deposit	161,799
Grants receivable	230,184
Other receivables	19,590
Prepaid expenses	3,705
Total current assets	1,891,048
Assets Restricted for Special Purposes	
Cash and cash equivalents	1,318,837
Pledges receivable	76,903
Grants receivable	96,903
Total assets restricted for special purposes	1,492,643
Non-current Assets	
Property and equipment, net	9,439,357
Right-of-use asset	133,103
Investments	109,884
Beneficial interest in assets held by others	119,403
Total non-current assets	9,801,747
Total assets	13,185,438
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	38,631
Accrued expenses	95,487
Note payable, current portion	35,205
Lease liability, current portion	47,659
Total current liabilities	216,982
Long-term Liabilities	
Note payable, due in more than one year, net of unamortized debt issue costs	1,762,860
Lease liability	92,669
Total non-current liabilities	1,855,529
Net Assets	
Without donor restrictions	9,620,284
With donor restrictions	1,492,643
Total net assets	11,112,927
Total liabilities and net assets	$ 13,185,438

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Grants	$ 1,055,569	$ 475,000	$ 1,530,569
Contributions of cash and other financial assets	896,983	147,369	1,044,352
Pledges	-	175,000	175,000
Contract	515,012	-	515,012
Contributed nonfinancial assets	838,274	-	838,274
Rental	516,230	-	516,230
Other	13,583	-	13,583
Gain on disposal of asset	500	-	500
Investment income	19,953	3,314	23,267
Net investment return	6,652	-	6,652
Net assets released from restriction	964,315	(964,315)	-
Total revenues, gains and other support	4,827,071	(163,632)	4,663,439
Expenses			
Program services	3,632,337	-	3,632,337
Supporting services			
Management and general	484,648	-	484,648
Fundraising	298,460	-	298,460
Total supporting services	783,108	-	783,108
Total expenses	4,415,445	-	4,415,445
Change in net assets	411,626	(163,632)	247,994
Net assets at beginning of year	9,208,658	1,656,275	10,864,933
Net assets at end of year	$ 9,620,284	$ 1,492,643	$ 11,112,927

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries, benefits and payroll taxes	$ 1,493,962	$ 89,347	$ 216,180	$ 1,799,489
Depreciation and amortization	460,877	14,983	-	475,860
Telephone and utilities	307,447	57,982	-	365,429
Program supplies	734,057	29,645	59	763,761
Contract services	232,617	76,182	8,985	317,784
Equipment rental, maintenance and repair	151,099	40,879	54	192,032
Insurance	51,344	76,607	-	127,951
Land rental and leases	44,997	15,167	-	60,164
Consulting and professional fees	21,214	87,662	10,849	119,725
Fundraising events	-	1	48,194	48,195
Memberships and dues	1,657	658	-	2,315
Postage	2,911	2,352	7,080	12,343
Printing and publications	2,710	-	5,016	7,726
Conferences and professional development	2,036	1,734	-	3,770
Other expenses	125,409	(8,551)	2,043	118,901
Total expenses	$ 3,632,337	$ 484,648	$ 298,460	$ 4,415,445

See notes to financial statements.

MIDLANDS HOUSING ALLIANCE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 247,994
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	475,860
Amortization of right-of-use asset	3,410
(Gain) on sale of equipment	(500)
Net loss on investments	491
(Increase) in beneficial interest in assets held by others	(9,768)
Decrease in grants receivable	592,837
(Increase) in other receivables	(3,869)
Decrease in pledges receivable	1,047,961
(Increase) in right-of-use asset	(133,103)
Decrease in prepaid expenses	50,092
(Decrease) in accounts payable	(113,336)
(Decrease) in accrued expenses	(144)
(Decrease) in deferred revenue	(7,397)
Increase in lease liability	140,328
Net cash provided by operating activities	2,290,856
Cash Flows from Investing Activities	
Purchase of investments	(38,638)
Interest and dividends reinvested	(5,914)
Purchases of property and equipment	(2,948,479)
Net cash (used in) investing activities	(2,993,031)
Cash Flows from Financing Activities	
Proceeds of long term debt	1,840,000
Payments for debt issue costs	(13,870)
Principal payments of long-term debt	(30,649)
Net cash provided by financing activities	1,795,481
Net increase in cash, cash equivalents and restricted cash	1,093,306
Cash, cash equivalents and restricted cash, beginning of year	1,701,301
Cash, cash equivalents and restricted cash, end of year	$ 2,794,607
Reconciliation of cash, cash equivalents and restricted cash, end of year, to Statement of Financial Position	
Cash and cash equivalents	$ 1,475,770
Restricted cash and cash equivalents	1,318,837
Total cash, cash equivalents and restricted cash, end of year	$ 2,794,607
Supplemental Cash Flow Information	
Cash paid for interest	$ 97,723

See notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Midlands Housing Alliance, Inc. (the “Organization”) was organized as a nonprofit corporation in South Carolina in 2005, and was initially called South Carolina Cares, Inc. In 2008, the Organization’s name was changed to Midlands Housing Alliance, Inc., as the Organization’s mission was realized. The Organization manages and operates Transitions, a facility that opened in June of 2011. Transitions provides shelter and comprehensive services for people who are homeless. The facility helps adult men and women overcome barriers to housing. The 260-bed facility has emergency, convalescent, program, and extended program beds to engage clients at whatever level they need. Approximately 70 additional clients come into the Day Center during the day to receive services. These people living on the streets or otherwise homeless are engaged by day counselors. These day users are encouraged to participate in services and join the program after entering emergency beds. After engaging in low-demand shelter or program beds, the clients can progress to extended program housing for longer recovery or special programs such as Youth or Veterans’ beds. Transitions also conducts rapid rehousing to place people more quickly and adult day care to help the elderly and medically fragile.

The Organization’s mission is to engage and equip homeless adults of the Midlands to transition into stability and permanent housing. A majority of the men and women Transitions serves reside in Lexington or Richland counties. There are over fifty partnering agencies that come to Transitions to help clients in their particular service area. Partnering together, Transitions has been able to place approximately 3,454 clients into permanent housing and another approximately 11,653 into positive outcomes in its twelve years of operation. Services offered at Transitions include meals, showers, washers and dryers, restrooms, resource center, computers, clothing, telephones, healthcare, mental health counseling and treatment, veterans services, life skills classes, substance abuse counseling, jobs training, rapid housing, and literacy skills. Case management is critical to the transformation process as people are guided to successful outcomes and towards graduation from the Transitions program. As residents participate more fully in the program, they engage in community service and personal development, leading to a source of income and the necessary life skills to maintain permanent housing once they graduate from Transitions.

Transitions also runs the Rapid Shelter Columbia Overflow (RSCO) for the City of Columbia (the “City”). The RSCO opens on nights when it is 40 degrees Fahrenheit or colder from November 1st through March 31st. This project requires extensive coordination with the City and other partners. During fiscal year 2023, services were provided to approximately 700 unique guests.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 the Organization's management and the Board of Directors. The governing board has designated, from net assets without donor restrictions, net assets for Board-designated reserves.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no net assets that were perpetual in nature at June 30, 2023. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

It is the Organization’s policy to report donor restricted contributions whose restrictions are met in the same reporting period in which the contributions are recognized as an increase in net assets without donor restriction.

Expenditures that relate to the fulfillment of time and purpose restrictions are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Organization’s interpretation of relevant state law.

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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates fair value.

Grant and Other Receivables

Grant receivables and other receivables represent noninterest-bearing amounts due from various local and state granting agencies or pertain to current contracts and are carried at realizable value. Management determines an allowance for doubtful accounts by identifying troubled accounts using historical experience. Management has deemed all receivables to be collectible at year-end.

Pledges Receivables

Unconditional promises to give (pledges receivable) are recognized as revenue and assets in the period the promise is received. Pledges receivables due within one year are measured at net realizable value. Promises to give with payments due in future periods are discounted to their present value using interest rates applicable to the years in which the promises are received. An allowance for uncollectible pledges is provided based on management's evaluation of the collectability of pledges receivable at year-end. Management has deemed all pledges receivables to be collectible at year-end.

Property and Equipment

Property and equipment are stated at cost if purchased and fair market value if donated. Expenses that significantly increase asset values or extend useful lives are capitalized. Repairs and maintenance and small equipment purchases are expensed as incurred. Property and equipment is reviewed on an ongoing basis for impairment based on the comparison of carrying value against fair value. If an impairment is identified, the asset's carrying amounts are adjusted to fair value in the year identified.

All assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	10 - 25
Furniture and equipment	5
Vehicles	5

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit (CDs) are not considered to be marketable securities. CDs with original maturities greater than three months and remaining maturities less than one year are classified as short-term while those remaining maturities greater than one year are classified as long-term. CDs are reported at cost plus any accrued interest through the reporting date.

Investments

Investments are comprised of fixed income securities. Realized and unrealized gains and losses are included in total revenues and support. Corporate bonds are carried at fair market value. Investments are recorded at cost when purchased or at market value at date of gift.

The Organization's investment decisions are managed pursuant to a Board-approved investment policy. All brokerage and banking institutions managing the Organization's investments were provided copies and have agreed to abide by this policy. The policy restricts investments to fixed income investments consisting of certificates of deposit, money market funds, guaranteed government securities, and AA rated or above commercial paper with an average maturity of less than three years.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, other assets or an unconditional promise to give is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

The Organization recognizes program and event revenue in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 606, whereas revenues are recognized at the point in time that the benefit is received by the customer.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions with donor imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

For cost reimbursement grants, revenue is carried upon the occurrence of allowable costs. For grants under the advance/letter of credit draw down arrangements, revenue is earned based on draw down limitations and schedules stipulated by the funding source. However, proper matching of revenues with expenditures will prevail in the timing of revenue recognition.

Donated Services and In-kind Contributions

A large number of volunteers donate substantial amounts of time toward activities that support the mission of the Organization, however the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria. Donated services are only recognized if they require specialized skills, are provided by those individuals or companies that possess those skills and would need to be purchased if they were not donated, in accordance with the *Not-for-Profit Revenue Recognition* topic of the FASB ASC. Contributed goods are recognized in the financial statements at fair market value when received.

Contributed property and other in-kind contributions are recognized in the financial statements at fair market value when received. The Organization received donated services and in-kind contributions of $838,274 for the year ended June 30, 2023.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents, certificates of deposit and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution when bank deposits exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. The Organization invests in professionally managed portfolios that contain equities and bonds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In the opinion of management, the Organization had no significant unrelated business taxable income during the year ended June 30, 2023.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization files Form 990 in the U.S. federal jurisdiction and the State of South Carolina.

Functional Allocation of Expenses

The statement of activities reports certain categories of expenses that are attributable to more than one program or supporting function. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among programs and supporting services benefited as required by FASB's Not-for-Profit presentation and disclosure guidance.

The expenses that are allocated include the following:

Expense Category	Method of Allocation
Salaries, benefits and payroll taxes	Time and Effort
Depreciation	Square Footage
Telephone and utilities	Number of Lines/Square Footage
Program supplies	Time and Effort
Contract services	Time and Effort
Equipment rental, maintenance and repair	Time and Effort
Insurance	Time and Effort
Land rental and leases	Number of Parking Spaces
Consulting and professional fees	Time and Effort
Fundraising events	Time and Effort
Memberships and dues	Time and Effort
Postage	Time and Effort
Printing and publications	Time and Effort
Conferences and professional development	Time and Effort
Other expenses	Time and Effort

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements Adopted

On July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and subsequent amendments thereto, which requires the Organization to recognize its operating leases on the statement of financial position. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization adopted the standard under the modified retrospective approach as of the date of adoption and elected to apply several of the available practical expedients, including:

- Whether the contract is or contains a lease
- Lease classification
- Initial direct costs

Adoption of the leasing standard resulted in the recognition of operating right-of-use assets of $169,985 and operating lease liabilities of $180,618 as of July 1, 2022. These amounts were determined based on the present value of remaining lease payments, discounted using the risk-free rate for a period comparable to the lease term as of the date of adoption. There was no material impact to the timing of expense or income recognition in the Organization's Statement of Activities. Disclosures about the Organization's leasing activities are presented in Note 14.

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, comprise the following:

Cash and cash equivalents	$ 1,475,770
Certificates of deposit	161,799
Grants receivable	230,184
Other receivables	19,590
Total financial assets available within one year	$ 1,887,343
Less:	
Amounts not available to be used within one year due to	
Board-designated reserve	567,011
Financial assets available to meet cash needs for general expenditures within one year	$ 1,320,332

Part of management's liquidity plan is to maintain financial assets to meet ninety days of general expenditures. The Organization has a $500,000 line of credit available to meet cash flow needs.

NOTE 3. INVESTMENTS

The following is a summary of the market value of investments:

Corporate bonds	$	109,884

Investment income is reported net of investment expenses for the fiscal year 2023. Investment expenses were $1,513 for the year ended June 30, 2023.

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization presents certain fair value disclosures for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures.* ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The standard also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard further institutes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. ASC 820 describes the following three levels of inputs that may be used to measure fair value:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2 — Inputs to the valuation methodology included quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted process that are observable for the assets or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
Assets				
Corporate bonds	$ 109,884	$ -	$ -	$ 109,884
Beneficial interest in assets	119,403	-	-	119,403
Totals	$ 229,287	$ -	$ -	$ 229,287

NOTE 5. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY ORGANIZATION

The Organization has the sole beneficial interest in the assets held by Central Carolina Community Foundation (CCCF). Funds are distributed at the Organization's request and are to be used for the operations of the Organization. The Organization has the power to direct those distributed funds, as they deem necessary when they are received. The fund is held and invested by CCCF for the Organization's benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities and changes in net assets.

The fair value presentation of these funds resulted in a net change in value comprised of the following as of June 30, 2023:

Beginning balance	$ 109,635
Interest and dividends	4,089
Change in market value	7,127
Fees	(1,448)
Balance at year end	$ 119,403

NOTE 6. PLEDGES RECEIVABLE

The Organization has recognized unconditional promises to give as pledges receivable at June 30, 2023, which are due to be collected as follows:

In one year or less	$ 76,903
Total pledges receivable	$ 76,903

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023:

Land	$ 2,292,929
Buildings and improvements	11,588,863
Construction in progress	197,162
Furniture and equipment	553,038
Vehicles	81,820
	14,713,812
Less: accumulated depreciation	(5,274,455)
Property and equipment, net	$ 9,439,357

Depreciation expense was $473,275 for the year ended June 30, 2023.

NOTE 8. NOTE PAYABLE

The Organization entered into a loan with Optus Bank during July 2022 for the purchase of real property at 800 Dutch Square Blvd., to be renovated into permanent housing and an adult day care facility. The aggregate principal amount of the loan is $1,840,000. As of June 30, 2023, the Organization had drawn $1,840,000. Principal and interest payments with a fixed rate of 5.75% are due monthly, with a final payment due on July 27, 2027. The loan is collateralized by assignment of all rents, an assignment of mortgage to lender and a commercial security agreement.

	June 30, 2022	Advances	Repayments	**June 30, 2023**
Optus Bank Loan	$ -	$ 1,840,000	$ 30,649	**$ 1,809,349**
Less, current portion	-			**35,205**
Less, loan costs	-			**11,284**
Long-term portion	$ -			**$ 1,762,860**

Future payments on maturities are as follows:

2024	$ 35,205
2025	37,603
2026	39,855
2027	42,241
2028	1,654,445
	$ 1,809,349

NOTE 9. LINE OF CREDIT

The Organization has a $500,000 unsecured line of credit with a variable interest rate. The line of credit was extended to January 24, 2024, with a variable interest rate. There are no borrowings against the line at June 30, 2023.

NOTE 10. FEDERAL AND STATE CONTRACTS

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management’s assessment that the amounts, if any, of expenditures which may be disallowed, would not have a material effect on the Organization’s financial position.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are to be used for the following as of June 30, 2023:

Adult Daycare Center	$ 1,392,772
Outreach	44,528
Direct client assistance	1,366
Youth program	37,665
Salaries and operating expenses	16,312
Total net assets with donor restrictions	$ 1,492,643

During the year ended June 30, 2023, net assets of $964,315 were released from donor restrictions by incurring expenses satisfying the program and grant requirements.

NOTE 12. BOARD-DESIGNATED RESERVES

As of June 30, 2023, the Board of Directors reserved approximately $567,011 of net assets without donor restrictions to be used in an extreme situation only that would affect the continuation of the Organization. Since the amounts resulted from an internal designation and are not donor restricted, they are classified and reported as net assets without donor restrictions.

NOTE 13. FEDERAL AND STATE CONTRACTS

Expenditures related to federal and state contracts are subject to adjustment based upon review by the granting agencies. It is management's assessment that the amounts, if any, of expenditures which may be disallowed, would not have a material effect on the Organization's financial position.

NOTE 14. LEASE COMMITMENTS

The Organization leases property from third parties under non-cancelable operating leases which expire August 31, 2026.

The Organization evaluates potential lease extensions towards the end of each individual lease term. Economic and business factors impact renewal considerations until renewal deadlines, so the Organization cannot be reasonably certain about extending lease terms and therefore has not included any renewal options for its leases. In addition, the Organization has elected to account for any non-lease components as part of the associated lease component. The Organization has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Organization's statement of financial position.

Leases are classified as operating leases at the lease commencement date. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Right-of-use assets related to operating leases are associated with real property used in the Organization's operations. The Organization does not currently have any leases classified as finance leases.

As permitted under U.S. GAAP for non-profit entities, when the rate implicit in a lease is not known, the Organization can elect to use a risk-free rate for a period comparable to the lease term to calculate the present value of lease payments. The risk-free rate is the U.S. Treasury T-bill rate for the same period as the lease term.

Right-of-use assets and lease liabilities by lease type, and the associated statement of financial position classifications, are as follows:

	Balance Sheet Classification	June 30, 2023
Right-of-Use Asset:		
Operating leases	Right-of-use asset	$ 133,103
Lease Liabilities:		
Operating leases	Lease liabilities	$ 140,328

The total operating lease cost was $44,250 for the year ending June 30, 2023.

NOTE 14. LEASE COMMITMENTS (CONTINUED)

Future undiscounted lease payments for operating leases with initial terms of one year or more as of June 30, 2023, are as follows:

Year ending June 30, 2024	$	47,659
Year ending June 30, 2025		47,659
Year ending June 30, 2026		47,659
Year ending June 30, 2027		7,944
Year ending June 30, 2028		-
Thereafter		-
Total undiscounted lease payments		150,921
Less: present value discount		(10,593)
Net Lease liabilities	$	140,328

Supplemental lease information as of June 30, 2023, is as follows:

Weighted average remaining lease term (months)		38
Weighted average discount rate		4.54%
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	47,659
Right-of-use assets obtained in exchange for new operating lease liabilities	$	133,103

NOTE 15. DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan (the “Plan”) available to all who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 4% of the individual participant's compensation. The contributions to the Plan by the Organization for the year ended June 30, 2023, were $25,422.

NOTE 16. CONCENTRATION OF REVENUES

Approximately 44% of the Organization’s grant revenue was derived from local grant revenue for the year ended June 30, 2023. Any future losses of these revenues would have a significant impact on the Organization’s ability to continue funding programs.

NOTE 17. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2023, contributed nonfinancial assets recognized within contribution revenue on the statement of activities included:

Type		Usage
Food, drink, equipment, printing	$ 10,261	Reconstructing Homes
Food, drink, equipment, printing	4,330	Taste of the Vine
Silent auction items	4,209	Chef's Feast
Volunteer services	294	Organization support
Real property	375,000	Senior House
Food	444,180	Transitions Food Recovery Program
	$ 838,274	

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Nonfinancial assets were valued using estimated average prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution.

NOTE 18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2024, which is the date the financial statements were available to be issued.

MIDLANDS HOUSING ALLIANCE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Identification Number	Expenditures
U.S. Department of Housing and Urban Development			
HUD Rapid Response	14.267	SC0120L4E022106	$ 83,995
Pass-through SC Office of Economic Opportunity			
Emergency Solutions Grant Program	14.231		132,000
COVID- Emergency Solutions Grant Program	14.231		78,905
Pass-through Lexington County, SC			
Emergency Solutions Grant Program	14.231		35,828
Total Emergency Solutions Grant Program			246,733
Pass-through Lexington County, SC			
Community Development Block Grant	14.218		49,987
Pass-through Lexington County, SC			
HOPWA	14.241		21,390
Total U.S. Department of Housing and Urban Development			402,105
U.S. Department of Treasury			
Pass-through Richland County, SC			
COVID-19 Coronavirus State and Local Recovery Funds	21.047		200,000
Total U.S. Department of Treasury			200,000
U.S. Department of Agriculture			
Pass-through SC Thrive			
SNAP	10.538	2101SCAPc5	1,455
Total U.S. Department of Agriculture			1,455
Department of Homeland Security			
EFSP	97.024		57,072
Total Department of Homeland Security			57,072
Department of Veterans Affairs			
VA Homeless Providers Grant and Per Diem Program	64.024	MHAI141-1324-544-PD-21	194,475
Total Department of Veterans Affairs			194,475
Total Expenditures of Federal Awards			$ 855,107

MIDLANDS HOUSING ALLIANCE, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Midlands Housing Alliance, Inc. (the "Organization") and is prepared on the accrual basis of accounting.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding $750,000. The threshold of $750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The Organization qualified as a high-risk auditee for the fiscal year ended June 30, 2023.

NOTE 2. FEDERAL NON-CASH ASSISTANCE

The Organization did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2023.

NOTE 3. DE MINIMIS INDIRECT COST RATE

The Organization chose not to use the ten percent de Minimis indirect cost rate for the year ended June 30, 2023.

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 Midlands Housing Alliance, Inc.
Columbia, South Carolina

We have audited, 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, the financial statements of **Midlands Housing Alliance, Inc.** (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and 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 21, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 21, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

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 Midlands Housing Alliance, Inc.
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Midlands Housing Alliance, Inc.'s** (the "Authority") compliance with the types of compliance requirement identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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.

Mauldin & Jenkins, LLC

Columbia, South Carolina
March 21, 2024

MIDLANDS HOUSING ALLIANCE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ Yes _X_ No
Significant deficiencies identified?	____ Yes _X_ None Reported
Noncompliance material to financial statements noted?	____ Yes _X_ No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____ Yes _X_ No
Significant deficiencies identified?	____ Yes _X_ No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)?	____ Yes _X_ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
	U.S. Department of Housing and Urban Development –
14.231	Emergency Solutions Grant Program
	U.S. Department of Treasury –
21.047	Coronavirus State and Local Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ Yes _X_ No

SECTION II
FINANCIAL STATEMENT FINDINGS

None.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

FS 2022-001 Restatement of Prior Year Balances

Finding Type: Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition and Context: During our audit, a material misstatement was identified that caused the need to restate the opening net asset without restrictions balance. Previously, net assets without donor restrictions were understated.

Effects: The ultimate effect of the above condition is an incorrect opening net asset balance and incorrect grant receivable amount.

Status: Resolved.

FS 2022-002 Year-end Closing Process

Finding Type: Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control is a process designed to provide reasonable assurance to ensure the Organization can perform timely and accurate financial closeout procedures in order for the Organization to produce its annual financial statements.

Condition and Context: Closing process was not completely performed in time for the start of the audit. A substantial amount of adjustments were determined and required to be recorded to correct year-end balances of the Organization.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Status: Resolved.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FS 2022-003 Internal Control and Segregation of Duties

Finding Type: Material Weakness in Internal Control over Financial Reporting

Criteria: Internal control policy and procedures should be in place to ensure the Organization can perform timely and accurate financial closeout procedures in order for the Organization to produce its monthly and annual financial statements. Furthermore, segregation of duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets. Policies should be in place requiring the segregation of duties.

Condition and Context: Internal controls and segregation of duties were not sufficient to detect certain misstatements in the preparation of year-end adjustments and reconciliations. During the course of our test work, we noted different areas at the Organization in which policies and procedures as well as segregation of duties could be improved as described below:

- Journal entries should be approved by an employee other than the one who prepared the entry
- Bank reconciliations should be reviewed by an employee independent of the preparer
- Timesheets should be approved by a direct supervisor.

A former employee continued to submit online timesheets after they were no longer employed by the Organization. The Organization did not properly notify the payroll provider, therefore the former employee still had access to submit time online. The time was approved and submitted by management, who was not the direct supervisor of the former employee, therefore they were not aware that the employee was no longer employed by the Organization.

Effects: Without some internal control policies and procedures as well as proper segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the Organization. Additionally, without additional internal controls related to financial reporting, errors could occur and not be detected.

Status: Resolved.