

**United States Veterans Initiative
and Subsidiaries**

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

June 30, 2024

(With Comparative Totals for 2023)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United States Veterans Initiative and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of United States Veterans Initiative and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United States Veterans Initiative and Subsidiaries as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United States Veterans Initiative and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 19 to the financial statements, the Organization has suffered recurring significant reductions in grant revenues and has a net deficiency in net assets, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 19. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United States Veterans Initiative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Veterans Initiative's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 33 - 39 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited United States Veterans Initiative's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Los Angeles, California

March 28, 2025

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,159,230	\$ 2,231,398
Accounts receivable	17,837,811	14,624,419
Pledges receivable, net (Note 3)	8,139,533	10,997,437
Prepaid expenses and other assets	1,327,433	1,585,099
Notes receivable (Note 4)	905,245	1,264,144
Restricted cash	14,798,495	23,057,779
Pledges for long-term purposes, net	42,811,880	42,938,727
Property and equipment, net (Note 5)	38,603,855	33,293,200
Operating lease right-of-use assets	19,891,557	13,115,234
Finance lease right-of-use assets	937,426	1,021,815
Total assets	\$ 146,412,465	\$ 144,129,252
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 11,893,407	\$ 10,758,789
Line of credit (Note 8)	5,000,000	2,000,000
Contract liabilities (Note 2)	4,104,774	3,971,358
Other deferred liability (Note 12)	53,178	80,085
Forgivable debt (Note 9)	1,900,000	1,900,000
Conditional promises to give (Note 10)	1,078,010	583,000
Operating lease liabilities (Note 11)	20,154,329	13,162,155
Finance lease liabilities (Note 11)	56,182	275,157
Total liabilities	44,239,880	32,730,544
Net assets		
Without donor restrictions	16,149,634	18,353,485
With donor restrictions (Note 14)	86,022,951	93,045,223
Total net assets	102,172,585	111,398,708
Total liabilities and net assets	\$ 146,412,465	\$ 144,129,252

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains and other support				
Grant and contract revenue	\$ 80,992,721	\$ -	\$ 80,992,721	\$ 72,688,810
Contributions	5,177,751	8,272,372	13,450,123	90,950,149
United Way of CFC contributions	236,850	-	236,850	100,241
In-kind contributions (Note 13)	426,199	-	426,199	259,463
Program service fees	1,533,272	-	1,533,272	1,677,298
Rent income	2,783,622	-	2,783,622	2,389,825
Other revenue	506,936	-	506,936	625,619
Interest and dividend income	1,113,916	-	1,113,916	360,746
Gross profit on inventory sales	<u>97,045</u>	<u>-</u>	<u>97,045</u>	<u>112,321</u>
Total revenues, gains and other support	<u>92,868,312</u>	<u>8,272,372</u>	<u>101,140,684</u>	<u>169,164,472</u>
Net assets released from restriction	<u>15,294,644</u>	<u>(15,294,644)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>108,162,956</u>	<u>(7,022,272)</u>	<u>101,140,684</u>	<u>169,164,472</u>
Functional expenses				
Program services	<u>92,346,184</u>	<u>-</u>	<u>92,346,184</u>	<u>75,945,189</u>
Support services				
Management and general	13,990,024	-	13,990,024	12,370,364
Fund development	<u>3,810,978</u>	<u>-</u>	<u>3,810,978</u>	<u>3,485,676</u>
Total support services	<u>17,801,002</u>	<u>-</u>	<u>17,801,002</u>	<u>15,856,040</u>
Total functional expenses	<u>110,147,186</u>	<u>-</u>	<u>110,147,186</u>	<u>91,801,229</u>
Change in net assets from operations	<u>(1,984,230)</u>	<u>(7,022,272)</u>	<u>(9,006,502)</u>	<u>77,363,243</u>
Non-operating				
Losses on disposals of property and equipment	<u>219,621</u>	<u>-</u>	<u>219,621</u>	<u>-</u>
Total non-operating	<u>219,621</u>	<u>-</u>	<u>219,621</u>	<u>-</u>
Change in net assets	(2,203,851)	(7,022,272)	(9,226,123)	77,363,243
Net assets, beginning of year	<u>18,353,485</u>	<u>93,045,223</u>	<u>111,398,708</u>	<u>34,035,465</u>
Net assets, end of year	<u>\$ 16,149,634</u>	<u>\$ 86,022,951</u>	<u>\$ 102,172,585</u>	<u>\$ 111,398,708</u>

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services	Management and General	Fund Development	2024 Total	2023 Total
Personnel expenses					
Salaries and wages	\$ 25,817,732	\$ 6,523,893	\$ 1,122,462	\$ 33,464,087	\$ 28,719,344
Paid time off (PTO)	3,134,507	840,634	126,309	4,101,450	3,548,826
Payroll taxes and benefits	<u>6,580,682</u>	<u>1,508,438</u>	<u>273,329</u>	<u>8,362,449</u>	<u>7,419,832</u>
Total personnel expenses	35,532,921	8,872,965	1,522,100	45,927,986	39,688,002
Accounting fees	13	169,139	-	169,152	163,699
Amortization	-	303,333	-	303,333	178,333
Credit loss expense	17,889	-	56	17,945	237,018
Bank and credit card fees	31,320	84,066	56,217	171,603	131,356
Bus passes	56,768	9,802	50	66,620	59,616
Conferences and meetings	55,671	42,972	60,835	159,478	175,550
Consulting fees	864,536	337,895	447,514	1,649,945	1,480,402
Consultants - IT	30,858	741,972	78,567	851,397	772,621
Grants for housing development	10,944,355	-	-	10,944,355	3,379,098
Depreciation	867,736	512,928	233,947	1,614,611	1,575,267
Dues and subscriptions	70,879	159,309	46,437	276,625	274,175
Equipment rental	221,845	22,027	17,042	260,914	235,568
Evaluation and monitoring	14,690	338	-	15,028	20,268
In-kind cost	381,542	6,972	88,186	476,700	259,462
Insurance	1,044,045	13,140	18,544	1,075,729	1,494,815
Interest expense	15,801	41,104	4	56,909	25,078
Legal fees	14,171	452,417	-	466,588	648,126
Licenses	306,947	222,721	3,116	532,784	412,670
Maintenance and repairs	1,028,431	6,232	18,419	1,053,082	1,191,244
Meals and entertainment	3,641,943	2,802	66,193	3,710,938	3,690,369
Mileage	57,815	4,050	6,567	68,432	46,143
Miscellaneous	20,901	252,176	8,368	281,445	390,903
Office expense	651,258	58,479	82,247	791,984	646,019
Organizational (CORP) expense	-	11,893	-	11,893	13,297
Parking and other occupancy	233,846	67,481	32,353	333,680	379,119
Penalties	1,696	197	-	1,893	8,584
Printing and copying	68,608	1,622	136,668	206,898	67,802
Program supplies	1,649,369	412	59,874	1,709,655	1,693,885
Promotional expenses	110,170	-	31,658	141,828	96,816
Property management fees	84,879	600	35	85,514	109,196
Property taxes	532	-	21	553	2,964
Real estate taxes	16,946	-	-	16,946	8,326
Recruiting fees	15,874	390,134	2,642	408,650	231,577
Shipping and postage	62,095	37,272	11,269	110,636	85,483
Space cost (rent)	11,285,484	655,929	55,408	11,996,821	10,924,219
Special events	163,097	907	569,501	733,505	554,419
Subcontractor expense	3,327,021	-	-	3,327,021	3,677,323
Telephone - cellular	372,753	32,625	11,303	416,681	375,543
Suspense AP	-	218	5	223	2,633
Telephone - landline	307,529	39,469	9,056	356,054	341,029
Temporary financial assistance	15,229,494	-	4,761	15,234,255	12,185,467
Temporary help	1,521,637	5,561	1,426	1,528,624	1,537,107
Training - clients	69,585	-	-	69,585	107,955
Training - staff	163,357	13,652	14,729	191,738	165,615
Travel	134,609	410,710	77,521	622,840	414,609
Uniforms	101,342	435	6,149	107,926	109,018
Utilities	1,202,627	3,984	25,727	1,232,338	1,170,216
Vehicle expense	<u>351,299</u>	<u>84</u>	<u>6,463</u>	<u>357,846</u>	<u>363,225</u>
Total 2024 functional expenses	<u>\$ 92,346,184</u>	<u>\$ 13,990,024</u>	<u>\$ 3,810,978</u>	<u>\$ 110,147,186</u>	
Total 2023 functional expenses	<u>\$ 75,945,189</u>	<u>\$ 12,370,364</u>	<u>\$ 3,485,676</u>		<u>\$ 91,801,229</u>

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (9,226,123)	\$ 77,363,243
Adjustments to reconcile change in net assets to net cash used in operating activities		
Loss on sales and disposals of property and equipment	219,621	-
Depreciation and amortization	1,614,611	1,575,267
Reduction in right-of-use assets - operating	6,455,317	6,164,250
Amortization of notes receivable	250,000	178,333
Gain from lease termination	(5,381)	(19,873)
Contributions for capital projects	(2,443,168)	(75,099,249)
Changes in operating assets and liabilities		
Accounts receivable	(3,173,229)	(4,207,557)
Pledges receivable, net	(1,232,209)	(9,095,980)
Prepaid expenses and other assets	217,503	(357,146)
Accounts payable and accrued liabilities	1,134,618	1,420,229
Contract liabilities	133,416	2,314,067
Other deferred liability	(26,907)	27,424
Conditional promises to give	495,010	-
Operating lease liabilities	(6,234,085)	(6,097,456)
Net cash used in operating activities	(11,821,006)	(5,834,448)
Cash flows from investing activities		
Collection of principal on note receivable	108,899	102,573
Purchases of property and equipment	(7,060,498)	(11,948,013)
Net cash used in investing activities	(6,951,599)	(11,845,440)
Cash flows from financing activities		
Right-of-use liability principal payments	(218,975)	(220,248)
Borrowings under line of credit	13,500,000	2,000,000
Payments on line of credit	(10,500,000)	(3,000,000)
Contributions received for capital projects	6,660,128	32,160,522
Net cash provided by financing activities	9,441,153	30,940,274
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,331,452)	13,260,386
Cash, cash equivalents and restricted cash, beginning of year	25,289,177	12,028,791
Cash, cash equivalents and restricted cash, end of year	\$ 15,957,725	\$ 25,289,177

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

United States Veterans Initiative and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 1,159,230	\$ 2,231,398
Restricted cash	14,798,495	23,057,779
	\$ 15,957,725	\$ 25,289,177

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 56,909	\$ 25,078
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Supplemental schedule of noncash investing and financing activities

Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ 13,399,602	\$ 21,253,509
Finance lease right-of-use assets obtained in exchange for lease liabilities	\$ -	\$ 1,109,436
Operating lease right-of-use assets obtained in exchange for lease liabilities due to lease modifications	\$ 3,815	\$ 1,045,244
Property and equipment included in accounts payable	\$ 401,035	\$ 97,680

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION

United States Veterans Initiative ("U.S.VETS"), founded in 1992, is a nonprofit corporation organized under the nonprofit public benefit laws of the state of California. U.S.VETS provides supportive services and housing for veterans of the United States Armed Forces and their families. U.S.VETS has 46 residential sites and service centers across 7 states, plus the District of Columbia and Territory of Guam. U.S.VETS has supporting organizations incorporated in Arizona and Texas. U.S.VETS Housing Corporation functions as the parent organization of U.S.VETS' Limited Liability Corporations for affordable housing development projects and is consolidated into United States Veterans Initiative for financial reporting purposes.

Programs

During the year ended June 30, 2024, U.S.VETS provided the following program services:

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

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

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

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

Career Development Initiative Career - Placement and training programs for unemployed/underemployed veterans with a focus on Iraq and Afghanistan veterans through targeted business development across industry sectors, training/certification assistance, and building linkages with employers and hiring initiatives.

CHAMPS - Permanent housing with rent subsidies and supportive services to veterans who qualify as chronically homeless with a medically certified disability.

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION (continued)

Emergency Beds - Temporary housing to veterans and individuals experiencing homelessness, through crisis/bridge, safe haven, respite, or emergency beds.

Health Services - Health-related services to veterans who are eligible for insurance billing and/or are in need of additional services for aging or high acuity conditions to obtain and maintain housing.

HOPTTEL - Temporary housing to veterans receiving United States Department of Veteran Affairs ("VA") health care services.

Legal Services - Civil legal services for accessing government benefits, navigating family law, ensuring access to safe housing, and assisting with debt.

Long-Term Supportive Housing - Permanent housing on-site and in scattered units in the community where veterans lease units and are not in need structured programs but benefit from services.

Mental Health services - Early-intervention and prevention programs to include suicide prevention services through outreach and mental health screenings to connect at-risk veterans to services and Women Vets on Point with digital outreach to expand the reach to female veterans who may not be reached through traditional outreach.

Outside the Wire - Early-intervention and prevention program providing mental health services to veterans who are college students and their families which includes clinical supervision to graduate and post-graduate interns, building a workforce of clinicians experienced in veteran care.

Outreach - Field and virtual outreach and housing navigation throughout communities to locate veterans and individuals in need and connect them to services at U.S.VETS and other community programs.

Peer Support - U.S.VETS facilitates peer support activities within all its programs. A Vet2Peer Program provides veterans training to obtain peer support certification to increase skills and employability.

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

Rapid Re-housing - Services and temporary housing and/or financial assistance to assists veterans and individuals in securing and maintaining stable housing.

Supportive Services for Veteran Families - Rapid re-housing and homeless prevention with services and temporary financial assistance for low-income veteran families to stabilize in permanent housing.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION (continued)

Substance Abuse and Parolee Program - Transitional housing and case management services for veterans on parole who are in need of housing and continued sobriety support.

Shelter Plus Care - Permanent housing with rent subsidies for veterans who have been homeless and have a medically certified disability.

Special Needs - Expanded services for targeted veteran populations experiencing homelessness including female veterans, aging veterans, and veterans with serious and persistent mental illness.

Transition in Place - Transitional housing in which the unit converts to permanent housing once the veteran stabilizes and assumes the lease; support services transition out of the residence over time, rather than the resident.

Veterans Affairs Supportive Housing ("VASH") - Clinical case management services through a contract with the local VA Medical Center for veterans with a HUD rental assistance voucher residing in permanent housing.

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

Veterans Assistance - Services for veterans in a less programmatically structured residential environment to support housing retention.

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

Wai'anae Civic Center - Supportive services and transitional housing for veteran and individuals and their families experiencing homelessness funded by the State of Hawaii in a concentrated effort to provide emergency housing.

Workforce Program - Employment placement services to expedite the reintegration of veterans into the workforce by eliminating employment barriers, securing training and employment opportunities, and providing the tools to support job retention.

Operating Sites

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION (continued)

Houston, Texas - U.S.VETS provides supportive services to 528 beds of transitional, long-term supportive, and permanent housing for veterans at a newly renovated facility in Houston. U.S.VETS also provides services to 461 veteran households in scattered housing throughout the community and operates a Service Center.

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

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

Las Vegas, Nevada - U.S.VETS provides supportive services to 251 beds of transitional, long-term supportive, and permanent housing for veterans in a former hotel near downtown Las Vegas and a nearby location, The Radcliff. U.S.VETS also provides services to 670 veteran households in scattered housing throughout the community, 100 bridge beds at the BETterment Community for households experiencing homelessness, and has a community office in Las Vegas to support programs.

Phoenix, Arizona - U.S.VETS operates 184 beds of transitional housing and long-term supportive housing for veterans on campus and serves 460 veteran households in scattered housing throughout the city to include 10 beds for female veterans at Ashley's Place, a two-home complex donated to U.S.VETS. A community office in Phoenix also supports programs.

Prescott, Arizona - U.S.VETS provides supportive services to 159 beds of transitional, long-term supportive, and permanent housing on its Liberty Pointe campus in Prescott, Arizona, as well as 183 veteran households in scattered housing throughout the community to include a donated 5-plex home.

Barbers Point, Kalaeloa, Hawaii - U.S.VETS provides supportive services to 273 beds of transitional and long-term supportive housing for veterans, on the former Barbers Point Naval Air Station located in Kapolei on the Island of Oahu. An additional 985 veteran households are served in scattered and project-based housing on the Islands of Oahu, Hawaii, Maui, and Kauai and the Territory of Guam.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION (continued)

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

Washington, District of Columbia ("D.C.") - U.S.VETS provides services to 30 beds of transitional housing for veterans at its facility in the Southeast area of Washington, D.C. and 7 emergency beds in Prince George's County, Maryland. Services are provided to 100 additional veterans throughout the community. This location oversees a community office in Richmond, Virginia serving 100 veteran households.

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

West Los Angeles, California - U.S.VETS is the lead service provider at the West Los Angeles VA North Campus and is currently serving 59 senior veterans in Building 207.

Housing Development Projects

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

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

Ventura, California - U.S.VETS, in collaboration with non-profit developer A Community of Friends ("ACOF"), was selected by the City of Ventura to use the Ventura Veterans Home Development Site to develop 120 affordable housing units (165 beds) for veterans and their families from the Tri-County Area of Ventura, Santa Barbara, and San Luis Obispo Counties in California. ACOF is the lead developer and U.S.VETS is the co-developer and lead service provider. The project is under construction and opening in the fall of 2024.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

1. ORGANIZATION (continued)

West Los Angeles, California - U.S.VETS, in collaboration with housing developers Century Housing Corporation and Thomas Safran & Associates ("TSA"), formed the West LA Veterans Collective, LLC which is the Principal Developer for approximately 900 units of supportive, affordable housing for veterans on a 388-acre property at the VA Greater Los Angeles North Campus. U.S.VETS will be sole developer of 140 units and is the lead service provider for buildings operated by TSA and Century, the first of which opened in February 2023. U.S.VETS will serve 125 units in TSA Building 402 and Century Building 404 which are scheduled to open in December 2024. U.S.VETS' buildings are in the pre-development stage.

Riverside, California - U.S.VETS is expanding housing on the March Veterans Village campus with a final phase to build 44 individual units and a 24 unit multi-family project using low income housing tax credits with developer partner Kingdom Development, Inc. This project is in the pre-development phase.

Phoenix, Arizona - A new location was purchased by the city of Phoenix and U.S.VETS has completed the first phase of rehabilitation and Phoenix is now completing and financing the final phase. Residential programs will be operating under a lease for services in lieu of cash rent at this renovated former hotel, and will relocate to the new location, named M.D. Hawkins Veterans Center, when Phoenix completes its work. U.S.VETS – Phoenix, LLC was created for this property.

Houston, Texas - A new 150-unit location was secured at a former renovated hotel owned by Tunnel To Towers. Residential programs and offices relocated to this facility in January 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of United States Veterans Initiative, U.S.VETS – Arizona, U.S.VETS – Texas, U.S.VETS – E Street LLC, U.S.VETS – 17th Street LLC, U.S.VETS – MVV Building 1, LLC, U.S.VETS - Phoenix, LLC, U.S.VETS - U.S.VETS - Fort Whipple, LLC, U.S.VETS - WLA building 210, LLC, U.S.VETS - Building 300, LLC, U.S.VETS - MVV Phase 4, LLC, U.S.VETS - Ventura, LLC and U.S.VETS – Housing Corporation. The subsidiaries and the single member-managed limited liability companies are consolidated, since United States Veterans Initiative has both an economic interest and control of the governing boards. All inter-organization transactions have been eliminated. These organizations together are collectively referred to as United States Veterans Initiative and Subsidiaries ("U.S.VETS").

U.S.VETS - Houston, LLC was dissolved during the year ended June 30, 2024, and U.S.VETS did not incur any gains or losses upon dissolution.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

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

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

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

Changes in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") introduced Accounting Standards Codification ("ASC") No. 2016-13, Topic 326, *Financial Instrument - Credit Losses: Measurement of Credit Losses on Financial Instruments* ("FASB ASU 326") which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the "incurred loss" model to the "expected loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASU 326 include accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Cash and cash equivalents

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

U.S.VETS uses the allowance for credit losses method in order to reserve for potentially uncollectible accounts receivable. As of June 30, 2024, the majority of receivables were due from governmental agencies. U.S.VETS recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses in accordance with FASB ASC 326. U.S.VETS estimates the allowance based on a combination of factors, including the length of time receivables are past due, previous loss history, a specific customer's ability to pay its obligations, and the current and future economic conditions. U.S.VETS assesses collectability by pooling receivables where similar characteristics exist based on how long a receivable balance has been outstanding and evaluates receivables individually when specific customer balances no longer share those characters and are considered at risk or uncollectible. Therefore, no allowance for credit losses has been provided as of June 30, 2024.

Pledges receivable

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenue in the period pledged by donors. Conditional contributions are recorded as support in the period in which the condition is met. Such contributions are required to be reported as donor-restricted support and are then reclassified to net assets without donor restrictions upon release of the restriction, which is usually when the funds are spent. In the case of contributions made for construction of housing, the net assets are not released until the property has been placed in service. U.S.VETS periodically reviews its receivables for uncollectible amounts based on how recently payments have been received or contractual terms. All amounts are believed to be collectible as of June 30, 2024. Therefore, no allowance for credit losses is deemed necessary.

Fair value measurements

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

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

Concentration of credit risks

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risks (continued)

At June 30, 2024, government contract receivables due from city granting agencies was 95% of the primary receivable balance outstanding. Concentration of credit risks with respect to trade receivables are limited, as the majority of U.S.VETS' receivables consist of earned fees from contract programs granted by governmental agencies.

At June 30, 2024, one vendor represented 15% of accounts payable and accrued liabilities.

At June 30, 2024, one donor represented 90% of pledges receivable.

Approximately 84% of U.S.VETS' revenue and support consisted of government contracts from county, state, and federal granting agencies for the year ended June 30, 2024.

Leases

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

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

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

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

Property and equipment, net

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment, net (continued)

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

Buildings	40 years
Automobiles	5 years
Software	5 years
Furniture and fixtures	5 years
Leasehold improvements	lesser of economic life or term of lease

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

U.S.VETS evaluates long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the discounted net cash flows they will generate. U.S.VETS recorded no impairment loss for the year ended June 30, 2024.

Contract liabilities

Contract liabilities consists primarily of cash flow advances in connection with government contracts. Advances received in excess of revenue recognized are presented as a contract liability on the consolidated Statement of Financial Position. At June 30, 2024, contract liabilities totaled \$4,104,774.

Revenue recognition

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

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Grant and contract revenue - A portion of the U.S.VETS' revenue is derived from federal and state contracts and grants, which are conditioned upon performance requirements and incurrence of qualifying expenses. Revenue under these arrangements is recognized as U.S.VETS incurs qualifying expenses or meets other performance requirements that are required before the Organization is entitled to funding under these arrangements. The Organization entered into cost-reimbursable and other limited discretion grant agreements of \$43,482,001 that have not been recognized in revenue as of June 30, 2024. Qualified expenditures are incurred and invoiced monthly throughout the contract periods, many of which extend beyond the year ended June 30, 2024. Of this total, \$765,515 relates to capital expenditures that were incurred during the year ended June 30, 2024. Revenue was not yet recognized due to the need for a budget modification, which was obtained subsequent to year-end.

Contributions - Unconditional contributions are recorded upon receipt or pledge as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional contributions are recognized as donor-imposed stipulations are met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. In certain cases with government funding for permanent housing, U.S.VETS has interpreted the agreements to remain conditional until the property is placed in service, or throughout a regulatory period. In certain cases with government funding for permanent housing, U.S.VETS has interpreted the agreements to remain conditional until the property is placed in service, or throughout a regulatory period.

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

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

In-kind contributions

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2024, U.S.VETS received materials, services, and use of facilities that totaled \$426,199 (See Note 13).

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

Functional allocation of expenses

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

Use of estimates

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

Comparative totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with U.S.VETS' consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Subsequent events

Management has evaluated subsequent events through March 28, 2025, the date which the consolidated financial statements were available for issue. Subsequent events are discussed in Notes 8, 19 and 20.

Reclassifications

Certain amounts presented in the prior year consolidated financial statements and footnotes have been reclassified in order to be consistent with current year's presentation.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

3. PLEDGES RECEIVABLE

At June 30, 2024, U.S.VETS had pledges scheduled to be received beyond the next five years. A discount in the amount of \$3,314,018 has been recorded for amounts due greater than one year. As of June 30, 2024, net pledges expected to be received were \$50,951,413.

Pledges receivable are expected to be received as follows:

Within one year	\$ 17,139,309
Within two to five years	34,046,122
Thereafter	<u>3,080,000</u>
	54,265,431
Less: discount to present value	<u>(3,314,018)</u>
	<u><u>\$ 50,951,413</u></u>

Pledges receivable consist of pledges for operational activities and for capital projects:

Pledges for operating activities, net	\$ 8,139,533
Pledges for long-term purposes, net	<u>42,811,880</u>
	<u><u>\$ 50,951,413</u></u>

4. NOTES RECEIVABLE

Notes receivables consisted of the following:

Cantwell-Anderson, Inc. ("CAI")	<u>\$ 905,245</u>
	<u><u>\$ 905,245</u></u>

As of June 30, 2024, payments on notes receivable are expected to be received as follows:

Within one year	\$ 115,615
Within two to five years	538,306
After five years	<u>251,324</u>
	<u><u>\$ 905,245</u></u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

4. NOTES RECEIVABLE (continued)

Harris County and Cloudbreak Houston, LLC

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

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

For the year ended June 30, 2024, Cloudbreak has performed the required activities for the period since inception of the note. The note receivable balance at June 30, 2024 was \$0, which is net of total accumulated amortization of \$2,500,000. For the year ended June 30, 2024, amortization expense of \$250,000 was recorded.

CAI

In December 2010, U.S.VETS disengaged a joint venture relationship with CAI. As part of the joint venture dissolution agreement, U.S.VETS received a note receivable of \$1,940,000 from CAI, with an interest rate of 6% due on December 28, 2030. As of June 30, 2024, the balance on the note receivable is \$905,245.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Buildings	\$ 13,227,572
Leasehold improvements	4,510,200
Furniture and equipment	2,655,478
Vehicles	998,338
Computer and software development	2,574,438
Construction in progress	21,724,521
Land	<u>1,081,990</u>
	46,772,537
Accumulated amortization and depreciation	<u>(8,998,117)</u>
	<u>\$ 37,774,420</u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

6. PERMANENT SUPPORTIVE HOUSING PROJECTS

The Tunnel to Towers Foundation ("T2T") is a charitable organization whose mission is to "Never Forget and Do Good" in memory of Firefighter Stephen Siller and all who lost their lives on September 11, 2001. The Foundation is committed to eradicating veteran homelessness throughout the United States, and to ensure every veteran who needs shelter has a "comfort home," a safe and stable place to live and regain independence in civilian life. In July 2022, T2T provided a grant to U.S.VETS in the amount of \$72,500,000. The primary goal of this grant is to fund the construction of 715 units of Permanent Supportive Housing, comprising 793 Permanent Supportive Beds in the West Los Angeles ("WLA") Veterans Administration housing project in which U.S.VETS is a developer partner with Thomas Safran & Associates and Century Housing. This funding is in the form of a six year pledge and, in August 2022, T2T wired the first year installment of \$18,498,000 to U.S.VETS, of which \$6,500,000 is for predevelopment and construction costs of the four buildings for which U.S.VETS is the lead developer, and the remaining \$12,000,000 for construction cost related to Thomas Safran & Associates and Century Housing buildings. In April 2024, T2T wired U.S.VETS \$5,000,000 for construction costs of Building 210 and \$575,000 for supportive service funding.

In August 2022, T2T purchased a 150 unit property in Houston which has been rehabilitated to serve as the new U.S.VETS' Houston campus; U.S.VETS will lease the building for services provided to veterans in lieu of cash. The relocation from the former Houston campus took place in January 2024.

In May 2022, T2T provided U.S.VETS with a \$3,000,000 grant to U.S.VETS for the Riverside facility, designating \$350,000 for first-year operational support of March Veterans Village Building 1 and \$2,650,000 for predevelopment costs related to the final phase of the remaining four acres of the Village property, which will be a Low Income Housing Tax Credit project with development partners, Kingdom Development, Inc.

Activity related to the WLA pledge consisted of the following:

	<u>Pledge receivable</u>	<u>Remaining amount to be utilized</u>	<u>Remaining restricted net assets</u>
Balance, beginning of year	\$ 72,500,000	\$ 72,500,000	\$ 72,500,000
Activity during the fiscal year ending June 30, 2023	(18,498,000)	(3,126,147)	(3,126,147)
Activity during the fiscal year ending June 30, 2024	<u>(5,575,000)</u>	<u>(8,966,172)</u>	<u>(8,966,172)</u>
Balance, end of year	<u>\$ 48,427,000</u>	<u>\$ 60,407,681</u>	<u>\$ 60,407,681</u>

Funds providing to other developers are released from restriction at the time the transfer is made. Funds used for construction directly by U.S.VETS continue to have a restriction until placed in service.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

7. NEW PHOENIX CAMPUS

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

In addition to the significant West Los Angeles Veteran Affairs ("WLAVA") grant T2T provided to U.S.VETS, in May 2022 T2T provided U.S.VETS with a \$5,000,000 grant and cash funding towards construction costs of a former hotel purchased by the city of Phoenix and leased to U.S.VETS for veteran services in lieu of cash. U.S.VETS has completed its work on the project and, as planned, the City of Phoenix will complete the project on its own timeline and financing.

8. LINE OF CREDIT

U.S.VETS has maintained a revolving line of credit with a bank that allows U.S.VETS to borrow up to a maximum of \$5,000,000. The borrowings bear interest at Bloomberg Short-Term Bank Yield ("BSBY") plus 2% (7.38% at June 30, 2024). The line of credit was renewed on February 29, 2024, and is secured by substantially all of U.S.VETS' assets. The line has a 12 month term, provisions for annual extensions, and includes a due on demand feature. At June 30, 2024, the balance on the line was \$5,000,000.

The line of credit includes financial and nonfinancial covenants. During the year ended June 30, 2024 and through March 28, 2025, U.S.VETS was not in compliance with all of its financial and nonfinancial covenants, and the line has been renewed only through June 2025. The bank provided waivers for the covenant violations. See Note 19.

9. FORGIVABLE DEBT

U.S.VETS received forgivable debt of \$1,900,000 from the county of Riverside for construction of a third building at the March Veterans Village. The amounts received are treated as a liability on the accompanying consolidated statement of financial position until all conditions under the agreement have substantially been met. For a period of 55 years from the recording of the agreement, U.S.VETS is required to maintain 15 units for individuals whose income is at or below 50% of the area median income (AMI) and 7 units for individuals whose income is at or below 80% of the AMI. The loan matures in July 2077 and does not accrue interest. The outstanding balance at June 30, 2024 was \$1,900,000.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

10. CONDITIONAL PROMISES TO GIVE

In June 2017, U.S.VETS received a conditional contribution of \$450,000 to develop properties to house veterans of U.S. Armed Forces. U.S.VETS has ten years from the date that the deeds are recorded, which occurred in June 2017 or return the gifted properties. In June 2024, the value of the properties was reappraised and the conditional obligation increased to \$1,078,010.

Conditional promises to give totaled \$1,078,010 at June 30, 2024.

11. LEASES

The Organization leases various facilities, vehicles and equipment under operating leases with various terms in accordance with ASC Topic 842, *Leases* ("ASC 842"). As of June 30, 2024, the weighted-average remaining lease term and the weighted average discount rate of the operating leases are 5.54 years and 3.61%, respectively.

The Organization leases real property and equipment under finance leases in accordance with ASC 842. As of June 30, 2024, the weighted-average remaining lease term and the weighted average discount rate of the finance leases are 0.33 years and 5.25%, respectively.

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

Operating lease costs	\$ 7,202,195
Variable lease costs	<u>73,543</u>
	7,275,738
Amortization of ROU assets	84,390
Interest on finance lease liabilities	<u>8,317</u>
	<u><u>\$ 7,368,445</u></u>

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

Operating cash flows from operating leases	\$ 6,980,963
Operating cash flows from finance leases	218,975
Financing cash flows from finance leases	<u>8,317</u>
	<u><u>\$ 7,208,255</u></u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

11. LEASES (continued)

Maturities of lease liabilities as of June 30, 2024 are as follows:

<u>Year ending June 30,</u>	<u>Finance Leases</u>	<u>Operating Leases</u>	<u>Total</u>
2025	\$ 56,798	\$ 5,888,396	\$ 5,945,194
2026	-	4,383,151	4,383,151
2027	-	2,874,397	2,874,397
2028	-	2,139,518	2,139,518
2029	-	1,912,305	1,912,305
Thereafter	-	5,127,071	5,127,071
	<u>56,798</u>	<u>22,324,838</u>	<u>22,381,636</u>
Less: discount to present value	<u>(616)</u>	<u>(2,170,509)</u>	<u>(2,171,125)</u>
	<u>\$ 56,182</u>	<u>\$ 20,154,329</u>	<u>\$ 20,210,511</u>

In addition to these leases with commitments in excess of one year, U.S.VETS also leases apartments and other residences on behalf of program participants. These leases are typically for 12 months and then are extended on a month-to-month basis. They are funded by various grant programs with a portion of the rent also paid by the tenant/program participant. During the year ended June 30, 2024, U.S.VETS incurred approximately \$4.7M in leasing expense under these arrangements. U.S.VETS expects to continue with these arrangements at approximately the same level in the future, subject to funding availability.

12. OTHER DEFERRED LIABILITY

As part of an agreement between U.S.VETS and its landlord, the landlord forgave a payable balance due from U.S.VETS, as U.S.VETS paid for leasehold improvements to the building. The improvements were recognized as donor-restricted assets, and the payable forgiven was recognized as a deferred liability. The liability is amortized over the same period as the leasehold improvements, which was determined to be fifteen years. During the year ended June 30, 2024, revenue recognized for the payable forgiven was \$19,150. The balance of the deferred liability as of June 30, 2024 was \$14,361 and is included in Other deferred liability on the accompanying statements of financial position.

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

<u>Year ending June 30,</u>	
2025	<u>\$ 14,361</u>
	<u>\$ 14,361</u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

13. IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended June 30, 2024, consist of the following:

Professional services	\$	116,666
Food and clothing		68,059
Use of facilities		<u>241,474</u>
	<u>\$</u>	<u>426,199</u>

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

The following table presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Professional services	\$ -	\$ 116,666	\$ -	\$ 116,666
Food and clothing	-	68,059	-	68,059
Use of facilities	<u>-</u>	<u>241,474</u>	<u>-</u>	<u>241,474</u>
	<u>\$ -</u>	<u>\$ 426,199</u>	<u>\$ -</u>	<u>\$ 426,199</u>

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024, were available for the following purposes:

Purpose	Balance at June 30, 2023	Additions	Releases	Balance at June 30, 2024
Program services				
Chronically homeless program (CHAMPS)	\$ 94,344	\$ 237,385	\$ (207,912)	\$ 123,817
Career development initiatives (CDI)	510,699	756,428	(936,658)	330,469
Outside the wire program	116,305	60,000	(125,067)	51,238
Permanent housing program	84,513	123,937	(94,715)	113,735
Veterans in progress program (VIP)	1,056,938	1,405,399	(1,422,285)	1,040,052
Long-Term Supportive Housing (LTSH)	2,691,691	264,462	(1,056,047)	1,900,106
Other programs	<u>3,232,477</u>	<u>3,042,204</u>	<u>(2,130,963)</u>	<u>4,143,718</u>
	<u>7,786,967</u>	<u>5,889,815</u>	<u>(5,973,647)</u>	<u>7,703,135</u>
Capital projects				
Housing development projects	69,053,204	2,443,168	(15,982,445)	55,513,927
Housing CIP not yet placed in service	9,102,742	-	6,203,637	15,306,379
Funds for development or supportive services	-	-	1,437,316	1,437,316
Supportive services funding for these projects	<u>6,763,421</u>	<u>(60,611)</u>	<u>(676,172)</u>	<u>6,026,638</u>
	<u>84,919,367</u>	<u>2,382,557</u>	<u>(9,017,664)</u>	<u>78,284,260</u>
Time restricted				
Leasehold improvements	88,889	-	(53,333)	35,556
Note receivable	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
	<u>338,889</u>	<u>-</u>	<u>(303,333)</u>	<u>35,556</u>
	<u>\$ 93,045,223</u>	<u>\$ 8,272,372</u>	<u>\$(15,294,644)</u>	<u>\$ 86,022,951</u>

Releases for housing development projects include \$8,290,000 granted to another organization that is part of the West LA project, in addition to \$6,203,637 utilized for construction in process during the year, but not yet released since the property has not been placed in service. Fund for development or supportive services may be used for construction costs or supportive services at the West LA project.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

15. COMMITMENTS AND CONTINGENCIES

Grants and contracts

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

Legal proceedings

In the normal course of business, the Company is involved in various lawsuits and legal proceedings. U.S.VETS is a defendant in several lawsuits and settled others during the year. Based on consultation with legal counsel, U.S.VETS accrued \$150,999 in legal costs as of June 30, 2024, which is included in accounts payable and accrued liabilities on the accompanying statement of financial position. U.S.VETS intends to vigorously defend its positions. The ultimate outcomes of these lawsuits cannot presently be determined, and additional liabilities could range from \$0 to \$2,000,000. At this time, management has not determined that negative outcomes are probable on the open matters, and adjustments, if any, that might result from the resolution of this matter have not been reflected in the consolidated financial statements.

16. RELATED PARTY TRANSACTIONS

For the year ended June 30, 2024, U.S.VETS received contributions from management and related parties connected to management of \$1,222,065, which were accounted for in contributions. U.S.VETS also has employee receivables totaling \$44,258 as of June 30, 2024, which are included in prepaid expenses and other assets.

17. EMPLOYEE BENEFIT PLAN

U.S.VETS operated a 401(k) profit sharing plan covering all of the full-time employees who have completed thirty days of service. U.S.VETS currently contributes a matching contribution to eligible employees equal to each employee's salary contribution up to a maximum of 3% of the employee's annual eligible earnings to the plan. Employer contributions under this plan amounted to \$444,018 for the year ended June 30, 2024.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

18. LIQUIDITY AND AVAILABILITY

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions as of June 30, 2024 consist of the following:

Cash	\$ 1,159,230
Accounts receivable	17,837,811
Pledges receivable, net	<u>8,139,533</u>
	<u>27,136,574</u>
Less:	
Purpose-restricted net assets	(7,703,135)
Supportive services funding for projects in development	<u>(7,463,954)</u>
	<u>(15,167,089)</u>
	 <u><u>\$ 11,969,485</u></u>

19. GOING CONCERN

U.S.VETS has experienced operating losses on net assets without restrictions of approximately \$2 million and \$500,000 for the fiscal years ended June 30, 2024, and 2023, respectively. At June 30, 2024, U.S.VETS had a fully drawn \$5 million line of credit, which was repaid subsequent to year-end using funds that are restricted for housing development. The line of credit expired as of February 28, 2025 and has been extended through June 2025. The line has not yet been renewed beyond that point, since the extension proposal received was not acceptable to management. In addition, U.S.VETS was out of compliance with one of its loan covenants.

U.S.VETS had \$15 million in cash at year-end; however, much of these funds are donor-restricted for housing development purposes, leaving operating cash of approximately \$1.2 million available for other purposes. Additionally, U.S.VETS's liquidity calculation reflects approximately \$12 million of unrestricted liquid assets, equating to one month of operational liquidity based on annual expenses of \$110 million. Delays in funding receipts from certain contributors have also resulted in elevated accounts receivable balances, which management considers collectible. Management attributes recent operating losses to low occupancy rates at the Washington, D.C., shelter, a trend correlated with declining veteran homelessness, along with low rates on per diem programs. Additionally, new uncertainty around Federal funding may result in cutbacks to existing programs, although a rate increase has been approved for certain federally-funded activities. The financial conditions and liquidity challenges described above raise substantial doubt about U.S.VETS's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

Plans are underway to convert the DC shelter's use to improve operational efficiency. In addition, management has planned cost reductions, alteration of programs to take advantage of other funding sources, and extension or refinancing of the line of credit with a limit of \$6 million rather than \$5 million. There has been a rate increase in one of the programs that provides significant funding to U.S.VETS and management expects this rate change to yield \$432,000 in additional revenues without any corresponding increase in costs.

United States Veterans Initiative and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024

19. GOING CONCERN (continued)

Management has a letter of intent to obtain a new credit line of \$6,250,000 which will be secured by certain real properties owned by the Organization and guaranteed by the California Small Business Loan Guaranty Program. The line will have a seven-year term. Management expects this arrangement to be executed in April 2025.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern; however, the above conditions raise substantial doubt about the Company's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

20. SUBSEQUENT EVENTS

On August 5, 2024, U.S.VETS WLAVA Building 210, LP closed on \$40,092,596 of financing for this building. A subsidiary of U.S.VETS, U.S.VETS WLAVA Building 210, LLC, is a general partner of this partnership. On December 11, 2024, Fort Whipple Veterans Housing, LLC closed on financing of \$40,619,266. U.S.VETS – Fort Whipple, LLC is a general partner of this partnership.

SUPPLEMENTARY INFORMATION

United States Veterans Initiative and Subsidiaries
Consolidated Schedules of Revenue and Support
June 30, 2024

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Grant and contract income			
VA Homeless Providers	\$ 25,566,906	\$ -	\$ 25,566,906
Supportive Services for Veteran Families	28,056,304	-	28,056,304
Other grants	19,055,649	-	19,055,649
Continuum of Care Program	6,275,762	-	6,275,762
Homeless Veterans Reintegration Project	<u>2,038,100</u>	<u>-</u>	<u>2,038,100</u>
	<u>80,992,721</u>	<u>-</u>	<u>80,992,721</u>
Contributions			
Restricted contributions	-	8,100,735	8,100,735
Unrestricted contributions	5,349,388	-	5,349,388
In-kind contributions (Note 11)	426,199	-	426,199
United Way of CFC contributions	<u>236,850</u>	<u>-</u>	<u>236,850</u>
	<u>6,012,437</u>	<u>8,100,735</u>	<u>14,113,172</u>
Other revenue			
Rent income	2,783,622	-	2,783,622
Other revenue	506,936	-	506,936
Program services	1,533,272	-	1,533,272
Interest and Dividend Income	1,113,916	-	1,113,916
Gross profit on gross sales	<u>97,045</u>	<u>-</u>	<u>97,045</u>
	<u>6,034,791</u>	<u>-</u>	<u>6,034,791</u>
Net assets released from program restrictions			
Restricted contributions	<u>15,294,644</u>	<u>(15,294,644)</u>	<u>-</u>
 Total revenue and support	 <u>\$ 108,334,593</u>	 <u>\$ (7,193,909)</u>	 <u>\$ 101,140,684</u>

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	ADVANCE	BUSINESS SERVICES	CHRONICALLY HOMELESS	EMERGENCY BEDS	FATHERS	GENERAL SERVICES	HIGH BARRIERS	HOPTEL
PERSONNEL EXPENSES								
SALARIES & WAGES	0	41,746	635,968	792,151	0	0	0	168,614
PAID TIME OFF (PTO)	0	4,482	81,256	91,900	0	0	0	24,751
PAYROLL TAXES & BENEFITS	0	9,652	181,508	175,272	0	0	0	46,093
TOTAL PERSONNEL EXPENSES	0	55,880	898,731	1,059,324	0	0	0	239,458
SPACE COST (RENT)	0	10,296	957,370	189,406	0	0	0	179,050
UTILITIES	0	6,009	97,173	119,131	0	0	0	25,194
MAINTENANCE & REPAIRS	0	0	59,543	160,680	0	0	0	19,825
PARKING & OTHER OCCUPANCY	0	0	8,902	27,433	0	0	0	0
REAL ESTATE TAXES	0	0	0	0	0	0	0	0
PROPERTY TAXES	0	0	0	0	0	0	0	0
MEALS	0	28,565	24,325	518,043	0	0	0	43,451
TEMP FINANCIAL ASSISTANCE	0	0	54,981	537	0	0	0	4,248
SUBCONTRACTOR EXPENSE	0	0	131,463	0	0	0	0	292,603
OFFICE EXPENSE	0	131	15,794	12,570	0	0	0	3,392
PROGRAM SUPPLIES	0	48	64,891	217,622	0	0	0	2,282
PRINTING & COPYING	0	0	964	1,392	0	0	0	402
CONSULTANTS	0	0	0	5,329	0	0	0	0
CONSULTANTS - IT	0	0	0	0	0	0	0	0
PROPERTY MGMT FEES	0	0	0	708	0	0	0	0
EQUIPMENT RENTAL & MAINTENANCE	0	0	4,546	11,576	0	0	0	1,660
TELEPHONE - LANDLINE	0	0	14,476	5,930	0	0	0	9,381
TELEPHONE - CELLULAR	0	0	7,280	10,170	0	0	0	3,441
TRAINING - STAFF	0	105	3,112	2,510	0	0	0	512
TRAINING - CLIENTS	0	0	0	0	0	0	0	0
CONFERENCES & MEETINGS	0	0	294	219	0	0	0	0
ACCOUNTING FEES	0	0	0	0	0	0	0	0
INSURANCE	0	6,972	20,016	21,258	0	0	0	8,244
VEHICLE EXPENSE	0	0	12,709	9,151	0	0	0	5,311
EVALUATION & MONITORING	0	0	0	921	0	0	0	0
BUS PASSES	0	0	2,000	20	0	0	0	343
TRAVEL	0	0	1,063	0	0	0	0	111
SPECIAL EVENTS	0	0	532	609	0	0	0	100
LEGAL FEES	0	0	750	0	0	0	0	0
PROMOTIONAL EXPENSES	0	0	0	0	0	0	0	0
UNIFORMS	0	0	268	345	0	0	0	0
LICENSES	0	0	5,493	6,603	0	0	0	1,023
MILEAGE	0	0	1,254	0	0	0	0	0
DUES & SUBSCRIPTIONS	0	619	560	1,010	0	0	0	632
RECRUITING FEES	0	0	0	0	0	0	0	0
SHIPPING & POSTAGE	0	0	39	49	0	0	0	53
IN-KIND COST	0	0	18,676	0	0	0	0	0
INTEREST	0	0	0	69	0	0	0	0
BANK & CC FEES	0	3,824	3,962	0	0	0	0	0
TEMPORARY HELP	0	0	10,088	930,157	0	0	0	0
CONTRIBUTION EXPENSES	0	0	0	0	0	0	0	0
PENALTIES	0	309	0	0	0	0	0	0
DEPRECIATION	15,236	0	8,286	35,875	1,147	2,082	56	2,457
BAD DEBT	0	0	189	462	0	0	0	8
MISCELLANEOUS	0	0	0	0	0	0	0	0
TOTAL FUNCTIONAL EXPENSES	15,236	112,758	2,429,729	3,349,110	1,147	2,082	56	843,180

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	LONG-TERM HOUSING	MENTAL HEALTH	OUTREACH	PERMANENT HOUSING	SUBSTANCE ABUSE	SERVICE CENTER	SHELTER PLUS CARE	SPECIAL NEEDS
PERSONNEL EXPENSES								
SALARIES & WAGES	188,136	920,983	133,480	506,781	29,507	25,863	23,834	296,523
PAID TIME OFF (PTO)	22,088	111,370	15,304	55,646	3,220	3,035	2,559	38,116
PAYROLL TAXES & BENEFITS	48,531	223,753	31,902	121,474	6,863	7,287	5,511	81,051
TOTAL PERSONNEL EXPENSES	258,754	1,256,106	180,686	683,901	39,590	36,185	31,904	415,690
SPACE COST (RENT)	699,035	70,274	2,096	1,389,629	23,815	9,968	62,696	294,231
UTILITIES	28,984	6,733	0	168,533	0	1,547	0	5,133
MAINTENANCE & REPAIRS	92,258	9,333	459	26,693	1,099	5,877	49	19,425
PARKING & OTHER OCCUPANCY	3,238	0	377	4,351	0	0	0	8,132
REAL ESTATE TAXES	2,284	0	0	0	0	0	0	0
PROPERTY TAXES	318	0	0	3	0	0	0	0
MEALS	4,506	3,495	5,362	7,314	39,143	21,443	235	104,130
TEMP FINANCIAL ASSISTANCE	186,186	102,101	1,718	153	0	308	0	4,807
SUBCONTRACTOR EXPENSE	0	27,795	0	0	0	0	0	61,600
OFFICE EXPENSE	8,191	51,099	1,696	12,805	288	9,421	0	7,419
PROGRAM SUPPLIES	10,536	24,102	10,309	25,148	2,550	5,642	0	52,218
PRINTING & COPYING	488	1,326	158	982	67	68	54	950
CONSULTANTS	10,889	30,501	0	0	582	749	0	78,957
CONSULTANTS - IT	10,108	436	0	1,078	0	218	0	2,065
PROPERTY MGMT FEES	200	688	0	0	0	0	0	0
EQUIPMENT RENTAL & MAINTENANCE	1,328	4,508	1,775	5,462	274	2,265	264	3,687
TELEPHONE - LANDLINE	5,930	9,857	679	5,295	250	537	211	3,999
TELEPHONE - CELLULAR	2,278	12,047	1,221	8,257	474	415	393	5,316
TRAINING - STAFF	1,222	17,813	1,619	1,633	191	86	60	2,561
TRAINING - CLIENTS	0	1,188	0	34	0	0	0	0
CONFERENCES & MEETINGS	3,436	5,225	195	262	11	4	0	1,289
ACCOUNTING FEES	0	13	0	0	0	0	0	0
INSURANCE	3,937	22,251	1,798	27,857	485	434	1,059	15,019
VEHICLE EXPENSE	1,764	531	1,711	5,316	(1)	0	0	4,404
EVALUATION & MONITORING	142	0	0	365	0	0	0	5,487
BUS PASSES	502	502	0	750	0	502	0	543
TRAVEL	1,937	28,416	638	384	0	72	0	1,264
SPECIAL EVENTS	618	970	62,435	6,629	37	0	0	3,147
LEGAL FEES	2,903	0	0	0	0	0	0	0
PROMOTIONAL EXPENSES	0	32,794	0	0	0	0	0	0
UNIFORMS	2,765	1,673	0	805	48	0	0	669
LICENSES	4,940	3,006	104	7,429	13,774	101	1,769	2,199
MILEAGE	5,105	2,208	165	4,178	0	263	0	231
DUES & SUBSCRIPTIONS	11,771	6,225	0	849	40	29	0	1,309
RECRUITING FEES	0	0	0	0	0	0	0	0
SHIPPING & POSTAGE	3,210	274	0	3,112	1	433	0	1,258
IN-KIND COST	66,372	13,620	0	22,004	0	0	19,638	13,086
INTEREST	8,252	79	0	0	0	0	0	0
BANK & CC FEES	9,091	0	0	1,021	0	0	0	424
TEMPORARY HELP	10,314	2,025	0	31,664	0	4,689	0	7,165
CONTRIBUTION EXPENSES	0	0	0	0	0	0	0	0
PENALTIES	125	0	0	0	0	0	0	0
DEPRECIATION	41,422	4,878	13,142	12,201	699	2,724	384	10,562
BAD DEBT	0	0	0	3,299	0	0	0	0
MISCELLANEOUS	856	49	0	148	0	0	0	816
TOTAL FUNCTIONAL EXPENSES	1,506,198	1,754,145	288,345	2,469,542	123,415	103,980	118,717	1,139,191

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	VETERANS FOOD SERVICE	VETERANS IN PROGRESS	VETERANS ASSISTANCE	WAIANAE CIVIC CENTER	WORKFORCE	RAPID RE- HOUSING	VETERANS AND FAMILIES	TRANSITION IN PLACE
PERSONNEL EXPENSES								
SALARIES & WAGES	843,425	7,364,419	603,405	748,259	1,122,286	880,390	6,077,572	328,001
PAID TIME OFF (PTO)	96,123	875,753	66,609	109,837	139,797	128,365	760,279	39,780
PAYROLL TAXES & BENEFITS	208,264	1,889,188	142,181	204,549	283,353	240,663	1,576,526	91,721
TOTAL PERSONNEL EXPENSES	1,147,811	10,129,360	812,194	1,062,646	1,545,436	1,249,419	8,414,377	459,502
SPACE COST (RENT)	216,680	4,416,044	68,300	7,719	119,190	804,295	929,022	618,031
UTILITIES	24,003	304,449	25,222	189,652	14,485	67,303	16,372	40,501
MAINTENANCE & REPAIRS	33,581	300,255	24,039	16,440	13,023	134,710	40,662	28,515
PARKING & OTHER OCCUPANCY	6,748	116,814	131	0	8,163	6,979	10,575	27,372
REAL ESTATE TAXES	0	7,763	0	0	0	6,899	0	0
PROPERTY TAXES	0	0	0	0	0	0	2	0
MEALS	(1,689,430)	3,890,359	66,994	265,761	3,031	5,309	2,979	80,199
TEMP FINANCIAL ASSISTANCE	0	164,675	13,011	0	13,645	1,767,634	12,709,803	50,185
SUBCONTRACTOR EXPENSE	0	0	0	0	0	1,138,035	1,534,949	0
OFFICE EXPENSE	2,594	168,975	16,936	2,252	32,965	26,302	158,196	7,600
PROGRAM SUPPLIES	186,458	658,420	26,698	31,016	42,326	52,349	19,159	45,665
PRINTING & COPYING	1,427	30,549	636	884	2,766	2,095	15,604	818
CONSULTANTS	0	395,921	0	0	0	17,186	229,232	17,143
CONSULTANTS - IT	0	6,009	0	0	1,018	0	9,925	0
PROPERTY MGMT FEES	0	66,216	0	0	1,470	0	1,624	0
EQUIPMENT RENTAL & MAINTENANCE	6,226	85,196	5,310	2,502	6,207	5,142	44,713	1,787
TELEPHONE - LANDLINE	6,212	75,088	5,660	16,154	13,067	14,483	72,889	3,578
TELEPHONE - CELLULAR	11,053	103,284	8,934	9,484	17,716	13,582	93,282	4,408
TRAINING - STAFF	2,689	49,991	1,943	3,685	4,318	4,577	43,233	1,902
TRAINING - CLIENTS	0	605	0	0	56,201	0	0	0
CONFERENCES & MEETINGS	90	21,995	5,744	1,123	1,859	490	4,275	1,226
ACCOUNTING FEES	0	0	0	0	0	0	0	0
INSURANCE	28,415	301,308	16,531	37,771	52,881	45,397	254,997	17,634
VEHICLE EXPENSE	1,773	89,989	4,294	0	4,767	5,509	104,951	8,597
EVALUATION & MONITORING	0	6,919	0	0	0	125	365	0
BUS PASSES	0	21,814	807	0	23,032	47	502	0
TRAVEL	0	37,595	5,605	0	4,630	99	47,622	1,426
SPECIAL EVENTS	0	21,915	10,647	215	8,941	2,444	1,604	375
LEGAL FEES	0	0	0	0	0	820	7,185	0
PROMOTIONAL EXPENSES	0	732	0	0	0	0	46,910	0
UNIFORMS	10,213	10,086	745	0	29,683	95	5,296	864
LICENSES	1,076	81,994	5,548	4,422	15,613	10,029	116,473	5,617
MILEAGE	0	5,456	280	161	7,076	1,340	12,415	632
DUES & SUBSCRIPTIONS	196	24,091	2,299	1,771	1,065	633	4,499	1,176
RECRUITING FEES	0	75	0	0	0	0	4,699	0
SHIPPING & POSTAGE	0	2,864	163	93	586	685	48,557	31
IN-KIND COST	34,596	174,040	0	173	6,587	0	11,722	0
INTEREST	0	7,009	0	0	164	0	161	0
BANK & CC FEES	932	5,615	129	0	2	2,012	22	4,221
TEMPORARY HELP	17,681	170,279	7,696	0	2,423	0	210,679	0
CONTRIBUTION EXPENSES	0	0	0	0	0	0	0	0
PENALTIES	0	0	0	0	0	1,263	0	0
DEPRECIATION	7,458	216,524	21,835	49,111	34,092	78,728	94,045	11,300
BAD DEBT	0	18,731	0	0	0	(11,896)	3,195	2,568
MISCELLANEOUS	38	3,718	10,458	0	507	288	3,742	12
TOTAL FUNCTIONAL EXPENSES	58,521	22,192,723	1,168,788	1,703,035	2,088,935	5,454,406	25,330,517	1,442,885

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	CDI	OUTSIDE-THE- WIRE	BRIDGE HOUSING	LOW DEMAND	CLINICAL TREATMENT	HOSPITAL TO HOUSING	SERVICE INTENSIVE TRANSITIONA L HOUSING	EMERGENCY BEDS - WOMEN
PERSONNEL EXPENSES								
SALARIES & WAGES	424,323	408,997	366,025	0	0	0	0	179,327
PAID TIME OFF (PTO)	49,895	43,912	39,298	0	0	0	0	19,253
PAYROLL TAXES & BENEFITS	104,776	94,567	84,631	0	0	0	0	41,464
TOTAL PERSONNEL EXPENSES	578,994	547,477	489,955	0	0	0	0	240,045
SPACE COST (RENT)	18,082	13,632	1,365	0	0	0	0	39,246
UTILITIES	405	0	21,379	0	0	0	0	4,429
MAINTENANCE & REPAIRS	1,135	460	13,287	0	0	0	0	296
PARKING & OTHER OCCUPANCY	35	411	0	0	0	0	0	0
REAL ESTATE TAXES	0	0	0	0	0	0	0	0
PROPERTY TAXES	9	0	0	0	0	0	0	0
MEALS	2,317	3,644	130,811	0	0	0	0	69,834
TEMP FINANCIAL ASSISTANCE	17,586	0	54,147	0	0	0	0	0
SUBCONTRACTOR EXPENSE	0	0	0	0	0	0	0	0
OFFICE EXPENSE	28,977	8,205	7,690	0	0	0	0	2,511
PROGRAM SUPPLIES	33,724	2,064	21,722	0	0	0	0	24,539
PRINTING & COPYING	1,476	326	979	0	0	0	0	500
CONSULTANTS	1,300	7,245	0	0	0	0	0	0
CONSULTANTS - IT	0	0	0	0	0	0	0	0
PROPERTY MGMT FEES	260	0	2,303	0	0	0	0	0
EQUIPMENT RENTAL & MAINTENANCE	1,948	1,123	4,184	0	0	0	0	1,954
TELEPHONE - LANDLINE	5,613	6,232	4,854	0	0	0	0	1,490
TELEPHONE - CELLULAR	6,079	5,301	8,347	0	0	0	0	2,917
TRAINING - STAFF	1,089	2,576	1,657	0	0	0	0	749
TRAINING - CLIENTS	11,145	0	0	0	0	0	0	0
CONFERENCES & MEETINGS	3,232	2,563	21	0	0	0	0	11
ACCOUNTING FEES	0	0	0	0	0	0	0	0
INSURANCE	11,337	2,205	34,927	0	0	0	0	7,600
VEHICLE EXPENSE	0	8	5,643	0	0	0	0	0
EVALUATION & MONITORING	0	0	365	0	0	0	0	0
BUS PASSES	522	0	0	0	0	0	0	0
TRAVEL	1,008	1,571	155	0	0	0	0	0
SPECIAL EVENTS	499	164	2,168	0	0	0	0	0
LEGAL FEES	0	0	0	0	0	0	0	0
PROMOTIONAL EXPENSES	12,421	7,011	0	0	0	0	0	0
UNIFORMS	35,501	0	556	0	0	0	0	0
LICENSES	8,632	442	3,374	0	0	0	0	1,161
MILEAGE	1,071	2,868	0	0	0	0	0	0
DUES & SUBSCRIPTIONS	5,751	2,220	127	0	0	0	0	0
RECRUITING FEES	11,099	0	0	0	0	0	0	0
SHIPPING & POSTAGE	198	62	279	0	0	0	0	0
IN-KIND COST	486	0	0	0	0	0	0	0
INTEREST	27	0	0	0	0	0	0	0
BANK & CC FEES	0	0	0	0	0	0	0	0
TEMPORARY HELP	0	0	79,978	0	0	0	0	0
CONTRIBUTION EXPENSES	0	0	0	0	0	0	0	0
PENALTIES	0	0	0	0	0	0	0	0
DEPRECIATION	5,510	2,288	41,982	45,713	29,074	3,764	11,098	1,942
BAD DEBT	0	1,329	0	0	0	0	0	4
MISCELLANEOUS	0	0	226	0	(0)	0	0	0
TOTAL FUNCTIONAL EXPENSES	807,467	621,429	932,483	45,713	29,074	3,764	11,098	399,226

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	LOW DEMAND (2)	BRIDGE HOUSING (2)	AFTERCARE	HEALTH SERVICES	PEER SUPPORT	LONG-TERM SUPPORTIVE HOUSING - MVV#1	VASH	PEER OUTREACH PROGRAM
PERSONNEL EXPENSES								
SALARIES & WAGES	0	547,610	657,758	602,832	42,822	201,920	276,932	313,074
PAID TIME OFF (PTO)	0	68,225	80,289	64,723	5,194	21,679	29,732	33,613
PAYROLL TAXES & BENEFITS	0	159,867	169,595	139,385	11,406	46,687	64,031	72,388
TOTAL PERSONNEL EXPENSES	0	775,701	907,642	806,941	59,423	270,287	370,696	419,076
SPACE COST (RENT)	0	5,795	80,372	49,937	0	0	0	8,160
UTILITIES	0	3,216	1,535	1,085	0	30,155	0	0
MAINTENANCE & REPAIRS	0	4,205	2,446	998	36	18,632	0	433
PARKING & OTHER OCCUPANCY	0	0	4,185	0	0	0	0	0
REAL ESTATE TAXES	0	0	0	0	0	0	0	0
PROPERTY TAXES	0	200	0	0	0	0	0	0
MEALS	0	2,979	2,959	2,221	1,118	849	0	0
TEMP FINANCIAL ASSISTANCE	0	22,492	49,211	0	0	12,065	0	0
SUBCONTRACTOR EXPENSE	0	139,005	0	0	0	0	0	0
OFFICE EXPENSE	0	29,649	15,124	11,186	1,105	3,873	1,372	2,940
PROGRAM SUPPLIES	0	54,935	15,529	5,531	2,081	2,453	0	9,353
PRINTING & COPYING	0	483	1,304	1,004	37	446	109	171
CONSULTANTS	0	0	59	11,620	300	16,706	14,550	0
CONSULTANTS - IT	0	0	0	0	0	0	0	0
PROPERTY MGMT FEES	0	0	331	0	0	11,080	0	0
EQUIPMENT RENTAL & MAINTENANCE	0	2,577	3,914	4,133	189	5,765	316	873
TELEPHONE - LANDLINE	0	4,933	6,845	5,325	707	2,754	0	4,513
TELEPHONE - CELLULAR	0	6,589	9,519	9,373	638	4,784	1,158	4,143
TRAINING - STAFF	0	5,726	4,037	1,685	123	860	176	793
TRAINING - CLIENTS	0	0	162	0	0	250	0	0
CONFERENCES & MEETINGS	0	25	226	1,300	260	206	0	92
ACCOUNTING FEES	0	0	0	0	0	0	0	0
INSURANCE	0	23,138	25,397	27,562	1,402	21,265	1,394	1,777
VEHICLE EXPENSE	0	222	52,860	21,586	0	10,203	0	0
EVALUATION & MONITORING	0	0	0	0	0	0	0	0
BUS PASSES	0	2,833	1,225	824	0	0	0	0
TRAVEL	0	87	127	454	0	0	222	123
SPECIAL EVENTS	0	411	991	4,941	89	4,651	0	27,967
LEGAL FEES	0	0	0	0	0	0	0	0
PROMOTIONAL EXPENSES	0	0	344	0	1,935	0	0	8,022
UNIFORMS	0	304	954	54	0	417	0	0
LICENSES	0	173	2,339	74	0	3,504	0	35
MILEAGE	0	0	4,386	0	43	5,965	0	2,719
DUES & SUBSCRIPTIONS	0	174	931	54	95	285	0	2,468
RECRUITING FEES	0	0	0	0	0	0	0	0
SHIPPING & POSTAGE	0	0	27	113	0	7	0	0
IN-KIND COST	0	539	0	0	0	0	0	0
INTEREST	0	0	37	0	0	0	0	0
BANK & CC FEES	0	63	0	0	0	0	0	0
TEMPORARY HELP	0	4,039	0	0	0	32,760	0	0
CONTRIBUTION EXPENSES	0	0	0	0	0	0	0	0
PENALTIES	0	0	0	0	0	0	0	0
DEPRECIATION	5,828	12,875	10,412	21,590	6,868	934	0	3,615
BAD DEBT	0	0	0	0	0	0	0	0
MISCELLANEOUS	0	0	38	0	0	0	0	0
TOTAL FUNCTIONAL EXPENSES	5,828	1,103,369	1,205,469	989,589	76,449	461,154	389,993	497,273

United States Veterans Initiative and Subsidiaries
Consolidated Schedule of Program Expenses
For the Year Ended June 30, 2024

	LEGAL SERVICES	HOUSING DEVELOPMENT - WEST LA VETERANS COLLECTIVE	HOUSING DEVELOPMENT - VA CAPITAL GRANT	HOUSING DEVELOPMENT - WADSWORTH CHAPEL HUD CPF	Total
PERSONNEL EXPENSES					
SALARIES & WAGES	64,766	0	0	0	25,817,730
PAID TIME OFF (PTO)	8,421	0	0	0	3,134,507
PAYROLL TAXES & BENEFITS	16,544	0	0	0	6,580,684
TOTAL PERSONNEL EXPENSES	89,731	0	0	0	35,532,921
SPACE COST (RENT)	1,749	0	0	0	11,285,484
UTILITIES	0	0	0	0	1,202,628
MAINTENANCE & REPAIRS	39	0	0	0	1,028,432
PARKING & OTHER OCCUPANCY	0	0	0	0	233,847
REAL ESTATE TAXES	0	0	0	0	16,946
PROPERTY TAXES	0	0	0	0	532
MEALS	0	0	0	0	3,641,943
TEMP FINANCIAL ASSISTANCE	0	0	0	0	15,229,494
SUBCONTRACTOR EXPENSE	1,571	0	0	0	3,327,021
OFFICE EXPENSE	0	0	0	0	651,259
PROGRAM SUPPLIES	0	0	0	0	1,649,369
PRINTING & COPYING	142	0	0	0	68,608
CONSULTANTS	26,267	0	0	0	864,536
CONSULTANTS - IT	0	0	0	0	30,858
PROPERTY MGMT FEES	0	0	0	0	84,879
EQUIPMENT RENTAL & MAINTENANCE	439	0	0	0	221,844
TELEPHONE - LANDLINE	586	0	0	0	307,528
TELEPHONE - CELLULAR	871	0	0	0	372,753
TRAINING - STAFF	125	0	0	0	163,358
TRAINING - CLIENTS	0	0	0	0	69,585
CONFERENCES & MEETINGS	0	0	0	0	55,672
ACCOUNTING FEES	0	0	0	0	13
INSURANCE	1,777	0	0	0	1,044,045
VEHICLE EXPENSE	0	0	0	0	351,299
EVALUATION & MONITORING	0	0	0	0	14,690
BUS PASSES	0	0	0	0	56,768
TRAVEL	0	0	0	0	134,611
SPECIAL EVENTS	0	0	0	0	163,097
LEGAL FEES	2,513	0	0	0	14,171
PROMOTIONAL EXPENSES	0	0	0	0	110,171
UNIFORMS	0	0	0	0	101,342
LICENSES	0	0	0	0	306,947
MILEAGE	0	0	0	0	57,819
DUES & SUBSCRIPTIONS	0	0	0	0	70,879
RECRUITING FEES	0	0	0	0	15,874
SHIPPING & POSTAGE	0	0	0	0	62,095
IN-KIND COST	0	0	0	0	381,540
INTEREST	0	0	0	0	15,799
BANK & CC FEES	0	0	0	0	31,320
TEMPORARY HELP	0	0	0	0	1,521,638
CONTRIBUTION EXPENSES	0	8,290,000	2,500,000	154,355	10,944,355
PENALTIES	0	0	0	0	1,696
DEPRECIATION	0	0	0	0	867,738
BAD DEBT	0	0	0	0	17,889
MISCELLANEOUS	0	0	0	0	20,895
TOTAL FUNCTIONAL EXPENSES	125,810	8,290,000	2,500,000	154,355	92,346,184

SINGLE AUDIT REPORTS AND SCHEDULES



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

Board of Directors
United States Veterans Initiative and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of United States Veterans Initiative and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated March 28, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

We also consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Armanino^{LLP}
Los Angeles, California

March 28, 2025



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

Board of Directors
United States Veterans Initiative and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United States Veterans Initiative and Subsidiaries (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Armanino^{LLP}
Los Angeles, California

March 28, 2025

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
FEDERAL AWARDS						
U.S. DEPARTMENT OF VETERANS AFFAIRS						
VA Homeless Providers Grant and Per Diem Program						
Inglewood	10/01/21 - 09/30/23	USVI752A8-2330-691-CM-22	64.024	Cost Reimbursement	\$ 72,873	\$ -
	10/01/23 - 09/30/25	USVI752A8-5598-691-CM-24	64.024	Cost Reimbursement	154,284	
	08/01/23 - 07/31/24	CA-752-LSV-243-22	64.024	150,000	56,334	
	10/01/22 - 09/30/23	USVI752-1579-691-PD-21	64.024	Per Diem	755,733	
	10/01/23 - 09/30/24	USVI752-4600-69 I-PD-24	64.024	Per Diem	2,570,542	
Washington D.C.	10/01/21 - 09/30/23	USVI752A4-2314-688-CM-22	64.024	Cost Reimbursement	25,202	
	10/01/23 - 09/30/25	USVI752A4-5656-688-CM-24	64.024	Cost Reimbursement	88,469	
	08/01/23 - 07/31/24	36C24522D005	64.024	817,600	289,410	
	05/01/22 - 01/17/24	USVI752A4-2975-688-CG-22	64.024	1,475,000	-	
	10/01/22 - 09/30/23	DC-SSG-1471-22	64.024	Per Diem	265,593	
	10/01/22 - 09/30/23	USVI752-1286-688-PD-21	64.024	Per Diem	261,828	
	10/01/23 - 09/30/24	USVI752-4458-688-PD-24	64.024	Per Diem	525,292	
Prescott	10/01/21 - 09/30/23	USVI752A7-2305-649-CM-22	64.024	Cost Reimbursement	2,504	
	10/01/23 - 09/30/25	USVI752A7-2305-649-CM-22	64.024	Cost Reimbursement	106,543	
	10/01/22 - 09/30/23	USVI752-1563-649-SC-21	64.024	Per Diem	13,118	
	10/01/21 - 09/30/24	USVI752A7-2470-649-SN-22	64.024	Per Diem	362,350	
	10/01/20 - 09/30/23	USVI752A7-1650-649-TP-21	64.024	Per Diem	86,185	
	10/01/23 - 09/30/26	USVI752-4037-649-TP-24	64.024	Per Diem	195,125	
	10/01/22 - 09/30/23	USVI752-1564-649-PD-21	64.024	Per Diem	470,160	
	10/01/23 - 09/30/24	USVI752-4606-649-PD-24	64.024	Per Diem	1,095,302	
Las Vegas	10/01/21 - 09/30/23	USVI752A1-2216-593-CM-22	64.024	Cost Reimbursement	46,794	
	10/01/23 - 09/30/25	USVI752A1-5518-593-CM-24	64.024	Cost Reimbursement	197,128	
	09/30/23 - 09/30/24	NV-SSG-1791-22	64.024	Per Diem	93,769	
	10/01/20 - 09/30/23	USVI752A1-1643-593-TP-21	64.024	Per Diem	127,961	
	10/01/23 - 09/30/26	USVI752-4289-593-TP-24	64.024	Per Diem	374,374	
	10/01/22 - 09/30/23	USVI752-1524-593-PD-21	64.024	Per Diem	729,558	
	10/01/23 - 09/30/24	USVI752-4405-593-PD-24	64.024	Per Diem	1,850,868	
Long Beach	10/01/21 - 09/30/23	USVI752A2-2331-600-CM-22	64.024	Cost Reimbursement	19,475	
	10/01/23 - 09/30/25	USVI752A2-5619-600-CM-24	64.024	Cost Reimbursement	60,087	
	10/01/22 - 09/30/23	USVI752-1554-600-PD-21	64.024	Per Diem	686,041	
	10/01/23 - 09/30/24	USVI752-3967-600-PD-24	64.024	Per Diem	1,958,037	

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
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For the Year Ended June 30, 2024

Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance	Program Award	Program Expenditures	Pass-through to Subrecipients
			Listing			
Houston - Midtown	10/01/21 - 09/30/23	USVI752A6-2349-580-CM-22	64.024	Cost Reimbursement	24,314	
	10/01/21 - 09/30/24	USVI752A6-2580-580-CG-22	64.024	2,500,000	2,500,000	
	10/01/21 - 09/30/24	USVI752A6-2403-580-SN-22	64.024	Per Diem	164,295	
	10/01/22 - 09/30/23	USVI752-1455-580-PD-21	64.024	Per Diem	510,805	
	10/01/23 - 09/30/24	USVI752-4664-580-PD-24	64.024	Per Diem	1,142,734	
	10/01/22 - 09/30/23	USVI752-1454-580-SC-21	64.024	Per Diem	9,309	
	10/01/23 - 09/30/24	USVI752-4891-580-PD-24	64.024	Per Diem	21,246	
	10/01/21 - 09/30/23	USVI752A5-2227-644-CM-22	64.024	Cost Reimbursement	59,077	
	10/01/23 - 09/30/25	USVI752A5-5846-644-CM-24	64.024	Cost Reimbursement	255,788	
	10/01/21 - 09/30/24	USVI752A5-2551-644-CG-22	64.024	2,000,000	575,592	
Phoenix	10/01/21 - 09/30/24	USVI752A5-2484-644-SN-22	64.024	Per Diem	348,513	
	10/01/20 - 09/30/23	USVI752A5 7-1648-644-TP-21	64.024	Per Diem	107,086	
	10/01/23 - 09/30/24	USVI752-4553-644-TP-24	64.024	Per Diem	201,827	
	10/01/22 - 09/30/23	USVI752-1561-644-PD-21	64.024	Per Diem	1,068,599	
	10/01/23 - 09/30/26	USVI752-4792-644-PD-24	64.024	Per Diem	2,150,627	
	10/01/21 - 09/30/23	USVI752A3-2312-459-CM-22	64.024	Cost Reimbursement	43,620	
	10/01/23 - 09/30/25	USVI752A3-6006-459-CM-24	64.024	Cost Reimbursement	157,611	
	08/01/23 - 10/30/24	HI-752-LSV-312-22	64.024	150,000	83,652	1,571
	10/01/21 - 09/30/24	U5VI752A3-2498-459-SN-22	64.024	Per Diem	228,611	58,800
	10/01/22 - 09/30/23	USVI752-1519-459-PD-21	64.024	Per Diem	793,388	
10/01/23 - 09/30/24	USVI752-3866-459-PD-24	64.024	Per Diem	1,132,971		
Hawaii - WCC	10/01/22 - 09/30/23	USVI752-1519-459-PD-21	64.024	Per Diem	40,860	
	10/01/23 - 09/30/24	USVI752-3866-459-PD-24	64.024	Per Diem	96,666	
US Vets - Arizona	10/01/22 - 09/30/23	AZ- SSG-1661-22	64.024	Per Diem	263,627	
	10/01/23 - 09/30/24	AZ- SSG-1661-22	64.024	Per Diem	212,363	
US Vets - West Los Angeles	01/11/23 - 01/10/24	36C26223C0050	64.024	Per Diem	187,804	
US Vets - Texas	10/01/23 - 09/30/24	TX-SSG-2325-23	64.024	Per Diem	220,576	
					26,142,500	60,371

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
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Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
VA Supportive Services for Veteran Families Program						
Hawaii - Barbers Point	07/01/22 - 06/30/24	18-HI-191	64.033	750,000	750,000	10,000
	07/01/22 - 06/30/24	S20-HI-501-21 S	64.033	3,225,119	3,225,119	71,667
	03/01/24 - 02/28/25	18-HI-190-24	64.033	5,443,656	1,660,061	8,333
	03/01/24 - 02/28/25	18-HI-190-24	64.033		36,801	
	12/01/19 - 09/31/23	S20-HI-501	64.033	3,509,488	463,771	
	10/19/22 - 09/30/26	18-HI-190-LT	64.033	1,481,267	221,841	
Washington D.C.	10/01/22 - 12/31/23	23-VA-455	64.033	750,000	357,354	
	01/01/24 - 12/31/24	23-VA-455-24	64.033	1,378,125	480,458	
Inglewood	04/01/23 - 03/31/24	18-CA-008	64.033	3,113,520	2,054,491	
	05/01/24 - 04/30/25	18-CA-008-24	64.033	7,334,734	343,386	
	09/01/21 - 06/30/24	18-CA-008SS	64.033	2,110,687	1,603,591	
	10/19/22 - 09/30/26	18-CA-008-LT	64.033	1,956,712	76,056	
US Vets - Phoenix LLC	09/01/21 - 02/29/24	20-AZ-159SS	64.033	2,537,934	2,209,355	477,135
	02/01/24 - 01/31/25	20-AZ-159-24	64.033	5,732,636	2,707,445	436,188
	10/19/22 - 09/30/26	20-AZ-159-LT	64.033	1,456,490	105,067	
	03/01/23 - 02/28/24	20-AZ-159	64.033	3,119,302	1,840,976	519,901
Long Beach	04/01/23 - 03/31/24	18-CA-354	64.033	2,272,647	1,677,901	
	12/01/21 - 09/30/24	18-CA-354SS	64.033	1,423,780	609,430	
	12/01/21 - 09/30/24	18-CA-354SS	64.033		12,449	
	10/19/22 - 09/30/26	18-CA-354-LT	64.033	1,060,993	131,458	
Riverside	04/01/23 - 03/31/24	18-CA-008	64.033	878,172	798,879	
	05/01/24 - 04/30/25	18-CA-008-24	64.033		112,324	
	05/01/24 - 04/30/25	18-CA-008-24	64.033		8,203	
	09/01/21 - 06/30/24	18-CA-008SS	64.033	1,136,524	730,312	
	09/01/21 - 06/30/24	18-CA-008SS	64.033		5,210	
	10/19/22 - 09/30/26	18-CA-008-LT	64.033		107,213	
Las Vegas	05/01/23 - 04/30/24	20-NV-056	64.033	3,095,363	2,519,133	2,300
	12/01/21 - 07/31/24	20-NV-056SS	64.033	2,518,055	1,597,497	9,425
	10/19/22 - 09/30/26	20-NV-056-LT	64.033	1,341,795	130,957	
Houston - Midtown	04/01/23 - 03/31/24	19-TX-288-23	64.033	821,892	632,619	
	05/01/24 - 04/31/25	19-TX-288-24	64.033	1,636,643	239,322	
	09/01/21 - 05/31/24	19-TX-288SS	64.033	668,603	410,529	
	10/19/22 - 09/30/26	19-TX-288-LT	64.033	408,408	197,095	
					28,056,303	1,534,949
Total Department of Veterans Affairs					54,198,803	1,595,320

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
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Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF LABOR						
Homeless Veterans Reintegration Project						
Hawaii - Barbers Point	07/01/23 - 06/30/24	23560HV036512-01-03	17.805	200,000	200,000	
Washington D.C.	07/01/22 - 06/30/23	HV-38390-22-60-5-11	17.805	402,000	78,638	
	07/01/23 - 09/30/24	HV-38390-22-60-5-11	17.805	402,000	257,631	
Phoenix	07/01/23 - 06/30/24	23560HV000046-01-00	17.805	300,000	300,000	
Riverside	07/01/23 - 08/31/24	23560HV000047-01-0	17.805	427,794	378,830	
Prescott	07/01/23 - 06/30/24	HV-33814-19-60-5-5	17.805	240,000	240,000	
	07/01/23 - 06/30/24	HV-33814-19-60-5-4	17.805	10,000	10,000	
Las Vegas	07/01/23 - 06/30/24	HV-36528-21-60-5-32	17.805	323,000	323,000	
Houston - Midtown	07/01/23 - 06/30/24	HV-36530-21-60-5-48	17.805	250,000	250,000	
Total Department of Labor					2,038,099	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Continuum of Care Program						
Las Vegas	08/01/22 - 07/30/23	NV0083L9T002107	14.267	1,387,769	63,737	
	08/01/22 - 07/30/23	NV0083L9T002107	14.267		39,828	
	08/01/23 - 07/30/24	NV0083L9T002108	14.267		364,069	
	08/01/23 - 07/30/24	NV0083L9T002108	14.267	1,387,769	952,691	
	04/01/23 - 03/31/24	NV0014L9T002213	14.267	122,854	115,055	
Corporate	03/01/23 - 02/28/25	B-23-CP-CA-0062	14.267	1,840,000	154,355	
Inglewood	08/01/23 - 07/31/24	CA0520L9D001813	14.267	295,315	261,917	
	08/01/22 - 07/31/23	CA0520L9D002114	14.267		33,672	
US Vets - West Los Angeles	01/01/23 - 01/01/25	B-22-CP-CA-0139	14.251	749,650	-	
Phoenix	01/02/24 - 01/01/25	ST OF AZ DEPT HOUSING	14.267	1,900,000	-	
US Vets - Phoenix	07/01/20 - 06/30/24	CPF Gallegos	14.251	1,500,000	734,485	
Riverside	10/01/22 - 09/30/23	CA1143L9D092110	14.267	1,255,841	375,177	
	10/01/23 - 09/30/24	CA1143L9D092211	14.267	1,255,841	934,781	

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
Houston - Midtown	05/01/23 - 04/30/24	TX0245L6E002214	14.267	411,259	289,961	
	04/01/23 - 03/31/24	TX0423L6E002207	14.267	545,088	415,876	98,462
	04/01/24 - 03/31/25	TX0423L6E002308	14.267	551,809	144,805	33,001
					-	
Pass-Through, City of Long Beach	07/01/23 - 06/30/24	CA0651U9D062013	14.267	268,852	69,276	
	07/01/23 - 06/30/24	CA0625U9D062014	14.267	240,332	240,332	
	07/01/23 - 06/30/24	CA1518U9D062005	14.267	336,655	277,087	
	07/01/23 - 06/30/24	CA0622U9D062014	14.267	216,500	229,267	
	07/01/23 - 06/30/24	CA0625U9D062114	14.267	437,082	312,804	
					-	
Pass-Through, Arizona Department of Housing	07/01/23 - 06/30/24	AZ0197U9T002103/ 524-23	14.267	388,420	257,085	
	07/01/23 - 06/30/24	AZ0197U9T002103/ 524-23	14.267		120,098	
	07/01/23 - 06/30/24	AZ0022U9T002114/ 523-24	14.267	191,335	181,744	
					-	
State of Arizona	12/01/23 - 06/30/24	AZ0197U9T002103/ 524-23	14.267		2,377	
	12/01/23 - 06/30/24	AZ0197U9T002103/ 524-23	14.267		3,258	
	12/01/22 - 06/30/23	AZ0022U9T002114/ 523-23	14.267		(165)	
	07/01/23 - 06/30/24	AZ0022U9T002114/ 523-24	14.267		1,770	
Total Department of Housing and Urban Development					6,575,342	131,463
U.S. DEPARTMENT OF AGRICULTURE						
Child and Adult Care Food Program						
Hawaii - WCC	10/01/22 - 09/30/23	1305-6	10.558	50,000	8,240	
	10/01/23 - 09/30/24	1305-6	10.558	50,000	34,101	
Total Department of Agriculture					42,341	-
U.S. DEPARTMENT OF JUSTICE						
Arizona Dept. Of Public Safety	10/01/22 - 09/30/23	VOCA-2021-VETS-00124	16.575	109,663	13,949	
	10/01/23 - 09/30/24	VOCA-2024-VETS-00060	16.575	109,663	103,789	
	10/01/22 - 09/30/23	2019-V2-GX-0041	16.575	97,995	25,590	
	10/01/23 - 09/30/24	15POVC-22-GG-00705-ASSI	16.575	97,995	72,327	
	10/01/22 - 09/30/23	2018-V2-GX-0012	16.575	180,208	65,683	
	10/01/23 - 09/30/24	15POVC-21-GG-00612-ASSI	16.575	180,208	128,429	
Total Department of Justice					409,767	-

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
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Federal Grantor Agency/Pass-Through Grantor and Location	<u>Contract Period</u>	<u>Contract Number</u>	<u>Assistance Listing</u>	<u>Program Award</u>	<u>Program Expenditures</u>	<u>Pass-through to Subrecipients</u>
Pass Through Others						
United Planning Organization (UPO) CSBG						
Hawaii - Barbers Point	11/01/21 - 12/31/23	210600-046	97.024		3,888	
Hawaii - WCC	11/01/21 - 12/31/23	210600-046	97.024	75,000	20,400	
	11/01/21 - 12/31/23	210600-046	97.024		2,382	
	11/01/21 - 12/31/23	210600-046	97.024		5,803	
Washington D.C.	11/01/22 - 10/31/23	20-2411-9162-1300	93.569	248,553	6,145	
	10/01/23 - 06/30/24	20-2411-9162-1300	93.569	75,000	9,815	
Inglewood	11/01/21 - 12/31/23	40-0695-00-625	97.024	75,000	59,376	
Phoenix	11/01/21 - 04/30/23	APPR-R	97.024	250,000	73,989	
	11/01/21 - 04/30/23	APPR-R	97.024		3,975	
	11/01/21 - 04/30/23	APPR-R	97.024		15,206	
	11/01/23 - 04/30/24	Phase 40	97.024	100,000	22,477	
Long Beach	07/01/23 - 06/30/24	AD-BH-EW-007-01	14.267	329,400	329,647	
	07/01/23 - 06/30/24	AD-BH-EOA-006-04	14.267	109,800	112,498	
Riverside	11/01/23 - 04/30/24	ARPAR 083000-123	97.024	75,000	68,979	
	11/01/21 - 04/30/23	39-0830-00-120	97.024	11,785	1,245	
	11/01/21 - 04/30/23	PHASE 39 - RIVERSIDE	97.024		2,311	
	11/01/21 - 04/30/23	PHASE 39 - RIVERSIDE	97.024		(2,311)	
	11/01/21 - 04/30/23	PHASE ARPA-R	97.024		(2,021)	
	03/31/22 - 07/01/77	2022-0154814	21.027	1,900,000	1,900,000	
County of Riverside - ARPA	11/01/21 - 04/30/23	PHASE ARPA-R	97.024		5,870	
Las Vegas	12/01/22 - 11/30/24	1H79SM84862-01	93.243	375,000	154,810	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		12,331	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		152	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		57	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		531	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		95	
	12/01/22 - 11/30/24	1H79SM84862-01	93.243		285	
Total Pass Through Others					2,807,935	-
Total Federal Awards					66,072,287	1,726,783

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
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Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
STATE PROGRAMS						
State of Hawaii - Shelter	06/27/23 - 06/26/24	DHS-21-HPO-0093-SA03	N/A	2,000,000	1,990,421	152,595
	06/27/24 - 06/26/25	DHS-21-HPO-0093-SA04	N/A	2,000,000	2,840	
	07/01/23 - 06/30/24	DHS-21-HPO-0028-SA03	N/A	213,750	213,750	
State of Hawaii	06/15/23 - 06/14/24	DHS-22-HPO-0007	N/A	2,000,000	550,000	
	07/01/23 - 06/30/24	DHS-21-HPO-0029-SA03	N/A	1,794,456	1,794,456	
California Commission On The Status Of Women A	07/01/23 - 06/30/24	State of California	N/A	50,000	10,893	
California Department Of Veterans Affairs - VSSR	04/01/23 - 03/31/26	State of California	N/A	959,871	423,843	
	04/01/23 - 03/31/26	State of California	N/A		190,715	
	04/01/23 - 03/31/26	State of California	N/A		17,276	
	04/01/23 - 03/31/26	State of California	N/A	959,871	465,806	
Arizona Dept. Of Economic Security	07/01/23 - 06/30/24	DES SVSF 7	N/A		9,006	
	07/01/23 - 06/30/24	DES SVSF 7	N/A	150,000	140,994	
	07/01/23 - 06/30/24	CTR066293	N/A	85,733	53,465	
	07/01/23 - 06/30/24	CTR066293	N/A		26,041	
	07/01/23 - 06/30/24	CTR066293	N/A		5,886	
Arizona Dept. Of Veterans Services - VDF Grant	07/01/22 - 06/30/23	State of AZ	N/A		(18,740)	
	07/01/23 - 06/30/24	State of AZ	N/A	399,966	146,472	
	01/01/24 - 06/30/24	State of AZ	N/A	122,876	122,876	
	07/01/22 - 11/30/23	State of AZ	N/A	75,000	9,772	
	07/01/22 - 11/30/23	State of AZ	N/A		15,235	
	07/01/22 - 11/30/23	State of AZ	N/A		27,845	
Office Of The Arizona Attorney General	07/01/22 - 05/31/24	State of AZ	N/A	499,598	217,775	
	07/01/22 - 05/31/24	State of AZ	N/A		24,141	
Arizona Housing Coalition	01/01/24 - 12/31/24	State of AZ	N/A	170,763	20,800	
	01/01/24 - 12/31/24	State of AZ	N/A		19,833	
	01/01/24 - 06/30/24	State of AZ	N/A		4,999	
Arizona Department of Veterans Services HVRP	01/01/24 - 06/30/24	ADVS-HVRP-FY24-01-00004	N/A	381,101	371,034	
	01/01/24 - 06/30/24	ADVS-HVRP-FY24-01-00004	N/A		10,068	
State of Texas	07/01/23 - 06/30/24	FVA21-055	N/A	150,000	109,477	
	07/01/23 - 06/30/24	FVA21-058	N/A	300,000	278,080	
	04/01/24 - 03/31/25	31247000003	N/A	100,000	25,246	
Total State Awards					7,280,305	152,595

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Agency/Pass-Through Grantor and Location	Contract Period	Contract Number	Assistance Listing	Program Award	Program Expenditures	Pass-through to Subrecipients
LOCAL PROGRAMS						
Pass-through, LAHSA	05/07/23 - 06/30/24	2021BHA28	N/A	714,075	738,724	
	04/01/22 - 07/30/23	AD-BH-ABH-020-01	N/A		16,237	
	04/01/23 - 07/31/24	AD-BH-ABH-020-02	N/A	2,375,300	2,361,737	
	10/01/23 - 09/30/24	2101-2200-008	N/A	280,740	92,719	
	10/01/23 - 09/30/24	2101-2200-008	N/A		1,638	
	10/01/23 - 09/30/24	2102-2200-006	N/A	280,740	26,195	
City & County Of Honolulu	07/01/21 - 10/31/23	CT-DCS-2200090	N/A		27,362	
	11/16/23 - 11/15/24	CT-DCS-2400182	N/A	250,000	48,460	
	06/01/23 - 05/30/24	CT-DCS-2100148	N/A	2,320,000	2,320,000	985,440
City Of Phoenix - ESG	07/01/22 - 09/30/23	CITY OF PHOENIX	N/A	500,000	212,807	
Clark County - Betterment Community	07/01/23 - 06/30/24	CITY OF LAS VEGAS	N/A	1,683,980	1,257,312	139,005
	07/01/22 - 09/30/24	CITY OF LAS VEGAS	N/A	445,000	419,818	
City Of Las Vegas - ARPA	07/01/23 - 11/01/24	CITY OF LAS VEGAS	N/A	400,000	247,417	
	07/01/23 - 11/01/24	CITY OF LAS VEGAS	N/A		47,360	
	07/01/23 - 11/01/24	CITY OF LAS VEGAS	N/A		46,214	
Riverside County Transportation Commission	07/01/23 - 06/30/24	21-26-085-01	N/A	77,423	3,337	
	07/01/23 - 06/30/24	21-26-085-02	N/A		49,124	
Total Local Awards					7,916,461	1,124,445
FEE FOR SERVICE CONTRACTS - FEDERAL						
U.S. Department Of Veterans Affairs-Hoptel	10/01/23 - 09/30/24	36C26124D0018	N/A	91,250	40,510	
	02/02/24 - 02/01/25	36C26124N0238	N/A	169,818	90,501	76,988
	09/30/23 - 09/29/24	36C26124D0020	N/A	198,925	71,351	
	02/02/24 - 02/01/25	36C26121D0021	N/A	169,818	106,464	
	02/02/24 - 02/01/25	36C26121D0021	N/A	224,598	123,593	
	02/02/24 - 02/01/25	36C26121D0021	N/A	270,248	203,743	158,815
	10/01/23 - 09/30/24	36C26124D0009	N/A	182,500	79,900	56,800
	10/01/23 - 09/30/24	36C26124Q0785	N/A	116,070	62,729	
U.S. Department Of Veterans Affairs-Vallhs	03/01/23 - 03/31/24	36C26222D0017	N/A	865,050	839,579	
					1,618,370	292,603

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
Schedule of Expenditures of Federal and Non-Federal Awards
For the Year Ended June 30, 2024

Federal Grantor Agency/Pass-Through Grantor and Location	<u>Contract Period</u>	<u>Contract Number</u>	<u>Assistance Listing</u>	<u>Program Award</u>	<u>Program Expenditures</u>	<u>Pass-through to Subrecipients</u>
FEE FOR SERVICE CONTRACTS - STATE						
Easter Seals Of Greater Houston	07/01/22 - 06/30/23	HHS000329700010	N/A		6,251	
	07/01/23 - 06/30/24	HHS000329700011	N/A	50,000	49,151	
					<u>55,402</u>	<u>-</u>
County Of Orange - Health Care Agency	07/01/23 - 06/30/24	100-042-042 -2120-1900	N/A	625,000	481,025	
	07/01/23 - 06/30/24	100-042-042 -2120-1901	N/A	632,218	560,565	
CAL VET (County of LA, DMVA)	07/01/23 - 06/30/24	County of LA	N/A	132,000	132,000	
Los Angeles County Department Of Health Service	07/01/22 - 06/30/23	166-HFH-ICMS	N/A		3,600	
	07/01/23 - 06/30/24	166-HFH-ICMS	N/A	43,200	39,600	
Clark County - Care Peer Navigator Services	07/01/22 - 02/29/24	CITY OF LAS VEGAS	N/A	48,860	43,182	
					<u>1,259,972</u>	<u>-</u>
Total Fee for Service Contracts					<u>2,933,744</u>	
Total Non-Federal Awards					<u>18,130,510</u>	<u>1,569,643</u>
Grand Total					<u>84,202,797</u>	<u>3,296,426</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and Non-Federal Awards.

United States Veterans Initiative and Subsidiaries
Notes to Schedule of Expenditures of Federal and Non-Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and non-federal awards (the "Schedule") includes the federal and non-federal award activity of United States Veterans Initiative and Subsidiaries (the "Organization") under programs of the federal and other government agencies for the year ended June 30, 2024, as well as federal contracts and state and local awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. PASS-THROUGH TO SUB-RECIPIENTS

The following list includes sub-recipients and expenditure amounts of amounts under Federal awards in the Assistance Listing as of June 30, 2024:

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

United States Veterans Initiative and Subsidiaries
Notes to Schedule of Expenditures of Federal and Non-Federal Awards
June 30, 2024

4. OTHER INFORMATION

The federal award of \$1,900,000 from the County of Riverside, Assistance Listing 21.027, is a loan. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures represented in the Schedule. There were no new loans made during the year and the amount reported as federal expenditures is the same as the June 30, 2023 balance. U.S.VETS did not receive federal insurance or non-cash assistance during the year ended June 30, 2024.

5. INDIRECT COST RATE

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

United States Veterans Initiative and Subsidiaries
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 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
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Department of Veteran Affairs Homeless Providers Grant and Per Diem Program	64.024
Homeless Veterans' Reintegration Program	17.805
Dollar threshold used to distinguish between Type A and Type B programs	\$1,982,169
Auditee qualified as low-risk auditee?	No

United States Veterans Initiative and Subsidiaries
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

Finding number: 2024-001

Criteria: Nonprofit organizations are required to recognize pledges receivable in accordance with generally accepted accounting principles.

Condition: The organization's accounting team recognized a pledge for which conditions had not been met, and delayed recognition from FY23 to FY24 for a pledge that appeared to have no conditions.

Cause: The failure to recognize the conditional pledge was due to the accounting team not consulting with the development team on the wording of the pledge document which was an exception to the monthly review process. The delay in recognition of an unrestricted pledge from FY23 to FY24 was late receipt of the pledge document and misinterpretation of the effective date.

Effect or potential effect: We proposed adjustments to the financial statements. Management recorded adjustments totaling \$1,946,446.

Recommendation: Management should consider all potential impacts of new types of transactions, as accounting issues that were not previously relevant could become so with significant new activity.

View of responsible officials: The accounting team has had a monthly grant reporting tool in place to identify possible conditional pledges and going forward will make a greater effort to confer with the development team to ensure the accounting treatment is correct. The accounting team will reach out to all locations at year-end for pledge documents effective in the fiscal year. The accounting team will implement a form to document its conclusion on grants over a threshold of \$500,000.

Finding number: 2024-002

Criteria: Management is required to prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). Under Uniform Guidance section 502(b), loans and loan guarantees should be included as expenditures until repaid.

Condition: Management initially omitted the balance of loans received in the prior year from the Schedule of Expenditures of Federal Awards (SEFA), although the awards were identified in the listing. In addition, management used the wrong assistance listing number for two grants.

Cause: Management did not fully review all items in the SEFA, in part due to the fact that contracts are signed and managed at various locations.

Effect or potential effect: The SEFA provided by management was incomplete, which could have resulted in required audit procedures being omitted from testing.

United States Veterans Initiative and Subsidiaries
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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

Recommendation: Management should update the review process for the SEFA to include other sources of information, such as comparing against new funding source documents. A separate general ledger account for contributions and grants restricted for capital projects could also aid in tracking these items, as could the use of AI software to draft summaries of grant agreements.

View of responsible officials: We will continue to utilize the SEFA checklist, have the SEFA preparer and another accounting executive review the SEFA line by line, and we will obtain new funding source documents from all locations to ensure the assistance listing numbers and all grant information is accurate. We believe we have good tracking of all capital grants and do not feel a separate general ledger account for capital projects will improve the accuracy of the SEFA.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

United States Veterans Initiative and Subsidiaries
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Finding number: 2023-001

Condition: The organization's accounting team did not identify the need for discounting a material long-term pledge receivable.

Recommendation: Management should consider all potential impacts of new types of transactions, as accounting issues that were not previously relevant could become so with significant new activity.

Current status: Management implemented a review process for material grant pledges exceeding \$1 million to assess the need for present value discounting, as noted in their Conditional Grant review process. However, we did note the need for other adjustments to recognized revenue.

Finding number: 2023-002

Condition: Management initially omitted expenditures used for capital costs from the Schedule of Expenditures of Federal Awards (SEFA), as these are considered "expenditures" under the Uniform Guidance Cost Principles despite not being recorded as expenses.

Recommendation: Management should update the review process for the SEFA to include other sources of information, such as comparing against new funding source documents. A separate general ledger account for contributions and grants restricted for capital projects could also aid in tracking these items.

Views of responsible officials: Management has revised the SEFA review process to include capital grants and added a reporting mechanism within net assets to track Construction in Process not yet released from restriction. Additionally, management has incorporated the use of a SEFA checklist as part of its financial statement preparation process. However, we still noted errors in the SEFA and have continued this finding in the current year.