
**Religious Coalition for Emergency
Human Needs, inc.**

**Financial Statements , Schedule of
Expenditures of Federal Awards and
Independent Auditor's Report**

**For the Year Ended
September 30, 2022 and the
Nine month Period Ended
September 30,2021**

LSWG

**CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS**



Independent Auditor's Report

To the Board of Directors of
Religious Coalition for Emergency Human Needs, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Religious Coalition for Emergency Human Needs, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended September 30, 2022 and the nine month period ended September 30, 2021, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Religious Coalition for Emergency Human Needs, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended September 30, 2022 and the nine month period ended September 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Religious Coalition for Emergency Human Needs, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Religious Coalition for Emergency Human Needs, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, on our consideration of Religious Coalition for Emergency Human Needs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'s internal control over financial reporting and compliance.

LSWG, P.A.

Rockville, Maryland
July 31, 2023

Religious Coalition for Emergency Human Needs, Inc.
Statements of Financial Position
September 30,

Assets

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 458,152	\$ 753,958
Grants and contributions receivable	767,250	472,303
Promises to give - current	133,939	223,685
Prepaid expenses	44,396	12,090
Total Current Assets	1,403,737	1,462,036
 Property and Equipment, at cost		
Land	331,200	331,200
Buildings and improvements	4,233,154	1,622,472
Leasehold improvements	60,347	134,003
Furniture and equipment	183,604	97,154
Construction in progress	-	1,547,666
Cemetery plot	3,000	3,000
	4,811,305	3,735,495
Less: accumulated depreciation	(906,761)	(936,376)
Total Property and Equipment, net	3,904,544	2,799,119
 Other Assets		
Deposits	15,380	13,955
Investments - endowment fund	141,461	102,219
Promises to give - long term	315,708	530,906
Deferred financing fees	38,386	44,783
Total Other Assets	510,935	691,863
 Total Assets	 \$ 5,819,216	 \$ 4,953,018

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

Religious Coalition for Emergency Human Needs, Inc.
Statements of Financial Position (continued)
September 30,

Liabilities and Net Assets

	2022	2021
Current Liabilities		
Line of credit	\$ 1,123,401	\$ 841,143
Accounts payable	389,706	110,022
Accrued liabilities	40,359	30,847
Deferred revenue	654,787	604,857
Total Current Liabilities	2,208,253	1,586,869
 Long-Term Liabilities		
Finance agreement - copier	6,436	-
Note payable	90,000	90,000
Total Long-Term Liabilities	96,436	90,000
 Total Liabilities	2,304,689	1,676,869
 Net Assets		
Without donor restrictions		
Undesignated	3,337,995	1,163,513
Board designated	-	6,415
With donor restrictions	176,532	2,106,221
Total Net Assets	3,514,527	3,276,149
 Total Liabilities and Net Assets	\$ 5,819,216	\$ 4,953,018

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

Religious Coalition for Emergency Human Needs, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 8,780,772	\$ 925,681	\$ 9,706,453
Contributions	289,150	1,039,089	1,328,239
In-kind contributions	25,288	-	25,288
Investment income	7,577	-	7,577
Other income	9,097	-	9,097
Realized and unrealized (loss) on investments	<u>(25,242)</u>	<u>-</u>	<u>(25,242)</u>
	9,086,642	1,964,770	11,051,412
Net assets released from restriction	<u>3,894,459</u>	<u>(3,894,459)</u>	<u>-</u>
Total Support and Revenue	12,981,101	(1,929,689)	11,051,412
Expenses:			
Program Services:			
Housing	286,288	-	286,288
Year round shelter	420,785	-	420,785
Family shelter	906,712	-	906,712
Health care services	75,968	-	75,968
COVID-19 relief	453,093	-	453,093
COVID rental assistance	1,727,710	-	1,727,710
Emergency rental assistance - MD	1,399,355	-	1,399,355
Emergency rental assistance	4,152,033	-	4,152,033
Other client services	<u>552,502</u>	<u>-</u>	<u>552,502</u>
Total Program Services	9,974,446	-	9,974,446
Support Services:			
Fundraising	243,398	-	243,398
Management and general	<u>595,190</u>	<u>-</u>	<u>595,190</u>
Total Support Services	838,588	-	838,588
Total Expenses	<u>10,813,034</u>	<u>-</u>	<u>10,813,034</u>
Changes in Net Assets	2,168,067	(1,929,689)	238,378
Net Assets, Beginning of Year	<u>1,169,928</u>	<u>2,106,221</u>	<u>3,276,149</u>
Net Assets, End of Year	<u>\$ 3,337,995</u>	<u>\$ 176,532</u>	<u>\$ 3,514,527</u>

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Activities and Changes in Net Assets
For the Nine Month Period Ended September 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 7,501,285	\$ 860,009	\$ 8,361,294
Contributions	251,518	1,094,245	1,345,763
In-kind contributions	716	-	716
Investment income	11,626	-	11,626
Other income	164,760	-	164,760
Unrealized gain on investments	1,555	-	1,555
	<u>7,931,460</u>	<u>1,954,254</u>	<u>9,885,714</u>
Net assets released from restriction	<u>543,388</u>	<u>(543,388)</u>	<u>-</u>
Total Support and Revenue	8,474,848	1,410,866	9,885,714
Expenses:			
Program Services:			
Housing	308,937	-	308,937
Year round shelter	305,313	-	305,313
Family shelter	215,748	-	215,748
Health care services	35,740	-	35,740
COVID-19 relief	1,391,207	-	1,391,207
COVID rental assistance	5,906,161	-	5,906,161
Other client services	230,863	-	230,863
Total Program Services	<u>8,393,969</u>	<u>-</u>	<u>8,393,969</u>
Support Services:			
Fundraising	145,927	-	145,927
Management and general	373,481	-	373,481
Total Support Services	<u>519,408</u>	<u>-</u>	<u>519,408</u>
Total Expenses	<u>8,913,377</u>	<u>-</u>	<u>8,913,377</u>
Changes in Net Assets	(438,529)	1,410,866	972,337
Net Assets, Beginning of Year	<u>1,608,457</u>	<u>695,355</u>	<u>2,303,812</u>
Net Assets, End of Year	<u>\$ 1,169,928</u>	<u>\$ 2,106,221</u>	<u>\$ 3,276,149</u>

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services									Support Services			
	Housing	Year Round Shelter	Family Shelter	Health Care Services	COVID-19 Relief	COVID Rental Assistance	Emergency Rental Assistance - MD	Emergency Rental Assistance	Other Client Services	Total	Fundraising	Management & General	Total Expenses
Salaries	\$ 53,506	\$ 242,020	\$ 251,936	\$ -	\$ -	\$ 78,712	\$ 12,688	\$ 81,296	\$ -	\$ 720,158	\$ 116,902	\$ 211,873	\$ 1,048,933
Payroll taxes	4,093	18,481	19,273	-	-	6,022	971	6,219	-	55,059	8,943	15,891	79,893
Fringe benefits	420	2,392	(1,590)	-	-	901	235	1,461	-	3,819	2,173	106,357	112,349
Interest	-	-	-	-	-	-	-	-	-	-	-	45,438	45,438
Repairs and maintenance	-	24,075	20,576	-	17,393	-	-	-	2,274	64,318	(749)	20,474	84,043
Supplies	-	18,473	14,633	-	-	-	-	-	41,630	74,736	1,162	7,549	83,447
Utilities	-	24,158	13,787	-	-	(1,735)	-	-	14,293	50,503	-	7,603	58,106
Bad debt	-	-	-	14,132	-	-	-	-	-	14,132	-	-	14,132
Assistance	222,090	14,008	552,798	61,836	443,017	1,608,890	1,390,721	4,043,591	450,446	8,787,397	320	(4,033)	8,783,684
Other client services	-	-	-	-	-	-	-	-	-	-	7,430	3,052	10,482
Insurance	-	-	-	-	-	-	-	-	4,258	4,258	-	13,458	17,716
Depreciation	-	44,936	-	-	-	-	-	-	39,734	84,670	-	18,197	102,867
Printing	-	-	-	-	-	-	-	-	-	-	4,709	70	4,779
Dues and subscriptions	-	916	106	-	-	3,710	1,368	10,058	438	16,596	20,057	15,934	52,587
Telephone	-	2,142	4,089	-	243	-	-	-	-	6,474	-	14,605	21,079
Travel	-	-	1,047	-	-	-	-	-	-	1,047	100	3,578	4,725
Professional services	-	88	425	-	(7,560)	22,191	(8,000)	-	(1,165)	5,979	58,375	198,102	262,456
Office expense	-	958	450	-	-	-	-	-	594	2,002	10,344	13,972	26,318
Common allocations	6,179	28,138	29,182	-	-	9,019	1,372	9,408	-	83,298	13,632	(96,930)	-
Total Expenses	\$ 286,288	\$ 420,785	\$ 906,712	\$ 75,968	\$ 453,093	\$ 1,727,710	\$ 1,399,355	\$ 4,152,033	\$ 552,502	\$ 9,974,446	\$ 243,398	\$ 595,190	\$ 10,813,034

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statement of Functional Expenses
For the Nine Month Period Ended September 30, 2021

	Program Services							Support Services		Total Expenses	
	Housing	Year Round Shelter	Family Shelter	Health Care Services	COVID-19 Relief	COVID-19 Assistance	Other Client Services	Total	Fundraising		Management & General
Salaries	\$ 32,235	\$ 176,697	\$ 156,555	\$ 10,477	\$ 9,431	\$ 79,192	\$ 12,050	\$ 476,637	\$ 78,863	\$ 143,884	\$ 699,384
Payroll taxes	2,494	13,669	11,099	810	730	6,126	932	35,860	6,101	12,142	54,103
Fringe benefits	4,346	20,830	12,916	1,235	1,397	9,901	1,706	52,331	10,267	20,055	82,653
Temporary help	-	13,256	-	-	137,060	-	-	150,316	-	-	150,316
Interest	-	-	-	-	-	-	9,196	9,196	-	-	9,196
Repairs and maintenance	238	22,786	5,326	77	36,069	584	89	65,169	581	19,018	84,768
Supplies	223	4,874	3,295	72	590	2,455	100	11,609	565	9,455	21,629
Utilities	118	19,064	6,187	38	35	2,025	2,694	30,161	289	2,995	33,445
Bad debt expense	-	-	-	-	-	-	-	-	-	3,324	3,324
Assistance	266,200	515	5,233	19,639	1,193,275	5,746,780	173,230	7,404,872	-	3,459	7,408,331
Other client services	-	-	-	-	10	-	7,270	7,280	-	6,799	14,079
Insurance	-	-	-	-	-	-	1,082	1,082	-	15,001	16,083
Depreciation	2,731	27,307	9,831	3,277	-	-	4,369	47,515	1,638	5,463	54,616
Printing	221	1,213	1,075	72	-	544	1,505	4,630	8,420	2,856	15,906
Dues and subscriptions	-	2,161	45	-	-	-	-	2,206	1,141	6,580	9,927
Telephone	-	1,465	3,384	-	-	-	-	4,849	-	4,069	8,918
Travel	-	-	75	-	-	-	-	75	55	707	837
Professional services	-	756	89	-	12,507	58,231	16,500	88,083	33,233	116,713	238,029
Office expense	131	720	638	43	103	323	140	2,098	4,774	961	7,833
Total Expenses	\$ 308,937	\$ 305,313	\$ 215,748	\$ 35,740	\$ 1,391,207	\$ 5,906,161	\$ 230,863	\$ 8,393,969	\$ 145,927	\$ 373,481	\$ 8,913,377

The accompanying notes are an integral part of this financial statement.

Religious Coalition for Emergency Human Needs, Inc.
Statements of Cash Flows
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

	2022	2021
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Changes in net assets	\$ 238,378	\$ 972,337
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	102,867	54,616
Realized and unrealized (gain) loss on investments	25,242	(1,555)
Bad debt expense	14,132	3,324
Paycheck protection program loan forgiveness	-	(163,185)
Net changes in operating assets and liabilities		
Grants and contributions receivable	(309,079)	253,415
Promises to give	304,944	(483,729)
Prepaid expenses	(32,306)	7,383
Cloud computing costs	-	4,830
Deposits	(1,425)	-
Deferred financing fees	6,397	(44,783)
Accounts payable	279,684	(195,873)
Accrued liabilities	9,512	(7,835)
Deferred revenue	49,930	556,069
Net cash provided by operating activities	688,276	955,014
Cash flows from investing activities:		
Purchase of property and equipment	(1,208,292)	(1,329,807)
Purchase of investments	(70,673)	(11,055)
Proceeds from sale of investments	6,189	723
Net cash (used in) investing activities	(1,272,776)	(1,340,139)
Cash flows from financing activities:		
Net draws (payments) on line of credit	282,258	650,544
Proceeds from finance agreement - copier	6,436	-
Payments on long-term debt	-	(4,830)
Net cash provided by financing activities	288,694	645,714
Net increase (decrease) in cash and cash equivalents	(295,806)	260,589
Cash and cash equivalents, beginning of year	753,958	493,369
Cash and Cash Equivalents, End of Year	\$ 458,152	\$ 753,958
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 45,438	\$ 9,196
Cash paid for income taxes	\$ -	\$ -

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

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

1. NATURE OF ORGANIZATION

Religious Coalition for Emergency Human Needs, Inc. (the Coalition) is an ecumenical organization which coordinates donations of time, talent, money, food and other resources to meet the urgent needs of people in Frederick County. The Coalition is funded primarily by contributions and grants. The services provided by the Coalition include, but are not limited to: homelessness prevention, year round shelter, family shelter, health care services and emergency rental assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The financial statements of the Coalition have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents - Cash and cash equivalents includes checking and money market accounts. For purposes of the statement of cash flows, the Coalition considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Investments – The Coalition records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Position. Net investment gain/(loss) is reported in the Statement of Activities and Changes in Net Assets and consists of interest and dividend income less external investment expenses.

Grants and Contributions Receivable – Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. The Coalition considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible they will be charged to operations when that determination is made.

Promises to Give – The Coalition records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities and Changes in Net Assets. Management estimates an allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Management has determined that all promises to give are collectible at September 30, 2022 and 2021.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment - Property and equipment are stated at cost or, if donated, at the estimated fair value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	5 – 40 years
Furniture and equipment	4 – 7 years
Leasehold improvements	Based on remaining life of the lease

The Coalition capitalizes property and equipment purchases greater than \$1,000. Purchases less than this threshold are expensed in the year of acquisition. Depreciation expense was \$102,867 and \$54,616 for the year ended September 30, 2022 and the nine month period ended September 30, 2021, respectively.

Certain property owned by the organization was purchased in whole or in part through the use of grants. According to the terms of such grants, the use and ultimate disposition of these assets within a specified time period is restricted.

Net Assets - The Coalition reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Revenue from special events is recognized at the point in time the special event is held.

Donated Services and In-Kind Contributions - Contributions of noncash assets are recorded at their fair value in the period received. Contributions of services that would create or enhance nonfinancial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

Functional Expenses - The Coalition's operating costs have been allocated between program, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenses that are allocated include compensation and benefits of office staff, volunteer expenses, office supplies, postage, printing, facility and equipment expenses, repairs, maintenance and utilities, all of which are allocated based on estimates of time and effort.

Advertising Costs - The Coalition expenses advertising costs as they are incurred. Total advertising expense for the year ended September 30, 2022 and the nine month period ended September 30, 2021 was \$4,807 and \$113, respectively.

Estimates - The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. INCOME TAXES

The Coalition has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c) (3) and is not a private foundation. Therefore, the Coalition is exempt from income taxes with the exception of taxes on any unrelated business income (UBIT). The Coalition has not received any notice from the Internal Revenue Service that would jeopardize its tax exempt status. There was no UBIT, and thus, no income taxes paid in the year ended September 30, 2022 and the nine month period ended September 30, 2021.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

3. INCOME TAXES (continued)

The Coalition previously adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Coalition believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Coalition's financial condition, results of operations, or cash flows. Accordingly, the Coalition has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at September 30, 2022 and 2021.

The Coalition is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Coalition believes it is no longer subject to income tax examinations for years prior to 2019.

4. COMMUNITY FOUNDATION FUNDS

The Coalition established endowment funds at the Community Foundation of Frederick County (Community Foundation). Since these funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. The endowment funds were established to provide support for the programs, client services and operations of the Coalition as determined by the Board of Directors. The Community Foundation manages the fund's investments and controls the fund's disbursements. A portion of the endowment funds are disbursed annually. The Coalition may choose to keep the disbursement or send it back to the fund as a contribution.

The endowment fund is recorded at fair market value. The following is a summary of the fund's activity for the year ended September 30, 2022 and the nine month period ended September 30, 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 102,219	\$ 90,332
Contributions	67,389	2,200
Reinvestments and earnings	7,300	8,855
Fund disbursements	(5,097)	-
Management fees	(1,092)	(723)
Unrealized gains (loss)	<u>(29,258)</u>	<u>1,555</u>
Balance, end of year	<u>\$ 141,461</u>	<u>\$ 102,219</u>

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Community Foundation endowment fund – funds held by the Community Foundation, invested in publicly traded securities.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Coalition believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Coalition's assets (investments) at fair value as of:

September 30, 2022:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation				
Endowment fund	<u>\$ -</u>	<u>\$ 141,461</u>	<u>\$ -</u>	<u>\$ 141,461</u>

September 30, 2021:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation				
Endowment fund	<u>\$ -</u>	<u>\$ 102,219</u>	<u>\$ -</u>	<u>\$ 102,219</u>

6. PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows:

	<u>September 30,</u> <u>2022</u>	<u>September 30,</u> <u>2021</u>
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 133,939	\$ 223,685
One to five years	<u>315,708</u>	<u>530,906</u>
Total unconditional promises to give before discount	449,647	754,591
Less: discount	<u>-</u>	<u>-</u>
	<u>\$ 449,647</u>	<u>\$ 754,591</u>

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

7. LINE OF CREDIT

In February 2020, the Coalition established a \$200,000 line of credit with a financial institution. The line was secured by the property acquired in 2019 for the new Family Shelter. The interest rate was 4.00% and the line matured and was paid off in September 2021.

8. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Coalition applied for and was approved a \$163,185 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was fully forgiven on March 24, 2021 and has been recognized as a component of “other income” on the Statement of Activities and Changes in Net Assets for the nine month period ended September 30, 2021.

9. NOTES PAYABLE

The Coalition is party to a \$90,000 non-interest bearing note payable to Frederick County, Maryland. The note represents funds received to construct the Alan P. Linton, Jr. Emergency Shelter. Repayment is not required as long as the Coalition owns the property and continues to utilize it for affordable housing. As long as these conditions are satisfied, payments of principal are deferred and the note will remain outstanding in perpetuity. Upon default, the entire principal becomes due and payable, interest free.

On September 24, 2021, the Coalition entered into a loan agreement with Woodsboro Bank for \$2,000,000. The interest rate on the loan is 4%. Interest only payments will be made through September 2024 at which time principal and interest payments will be made until September 2029 when a balloon payment will be due. The proceeds of the loan are being used to renovate the Hayward Road property. Collateral on the note includes receivables, equipment, furniture and deposit accounts. The balance on the note at September 30, 2022 and 2021 was \$1,123,401 and \$841,143, respectively.

10. LEASE

The Coalition entered into a lease for a copier that expires in September 2027 and requires monthly lease payments of \$171. The minimum lease payments are as follows at September 30:

2023 - \$2,053
2024 - \$2,053
2025 - \$2,053
2026 - \$2,053
2027 - \$2,053

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

11. RETIREMENT PLAN

On January 1, 2014, the Coalition adopted the Religious Coalition for Emergency Human Needs 401(k) Profit Sharing Plan and Trust. All employees are eligible to participate in the Plan after completing three consecutive months of service and having reached twenty-one years of age. Employees are eligible for employer profit sharing contributions after completing one year of service and 1,000 hours of service. Under the Plan, participants are permitted to defer a portion of their salary up to the maximum allowed by law. The Coalition may make matching contributions to the plan equal to 100% of the deferral contribution up to a maximum of 3% of salary. Retirement expense for the year ended September 30, 2022 and the nine month period ended September 30, 2021 was \$17,685 and \$9,219, respectively.

12. CONTRIBUTED MATERIALS AND SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the establishment, development and operation of the Coalition. In accordance with FASB ASC 958-065, the value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation and therefore, does not meet the criteria of FASB ASC 958-065. In-kind contributions consisted of the following for the year ended September 30, 2022 and the nine months ended September 30, 2021:

	<u>2022</u>	<u>2021</u>	<u>Usage</u>
Christmas assistance	\$ 6,245	\$ -	Program
Shelter supplies	2,921	461	Program
Client supplies	14,410	255	Program
Other	<u>1,712</u>	<u>-</u>	Program
Total	<u>\$ 25,288</u>	<u>\$ 716</u>	

These in-kind contributions were valued using the fair market value of the goods received. The Coalition does not sell donated gifts in kind and only uses the goods for its own program or supporting service activities.

13. CONCENTRATION OF CREDIT RISK

Cash and cash equivalents held by the Coalition in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. The Coalition had \$137,221 and \$402,070 in excess of FDIC limits at September 30, 2022 and 2021, respectively. Management believes the Coalition is not exposed to any significant credit risk related to cash and cash equivalents.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

14. NET ASSETS

Board Designated Net Assets

As of September 30, 2022 and 2021, the Board of Directors has designated \$0 and \$6,415, respectively of net assets without donor restrictions as a general endowment fund to support the mission of the Coalition. All board designated funds are maintained in separate money market accounts. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of September 30:

	<u>2022</u>	<u>2021</u>
Hayward Road project	\$ 45,122	\$ 1,950,695
Fuel fund	73,155	57,444
School supplies	2,135	2,135
Prescription fund	-	2,263
Dental fund	-	38,565
Food banks	34,611	29,906
After the Storm	5,805	9,770
Housing fund	-	5,171
Building fund	2,794	2,794
Designated pass-through	-	2,911
Christmas fund	11,029	1,567
Getting ahead development	1,881	3,000
	<u>\$ 176,532</u>	<u>\$ 2,106,221</u>

15. CONCENTRATIONS

The Coalition has one grantor who makes up 66% of its total revenue and support and 10% of its grants receivable for the year ended September 30, 2022. The same grantor makes up 60% of its total revenue and support and 0% of its grants receivable for the nine month period ended September 30, 2021.

16. CONTINGENCIES

At September 30, 2022 and 2021, the Coalition was participating in grants funded by government agencies. These grants, as well as other grants and contracts awarded and completed in the past, are subject to compliance audits by grantors. The amounts, if any, which could be disallowed by the granting agency, cannot be determined at this time. The Coalition expects such amounts, if any, to be immaterial.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

17. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Coalition’s financial assets as of September 30, 2022 and 2021 reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long term investment as board designated endowments. The board designated net assets can be drawn upon if the board approves that action.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 458,152	\$ 753,958
Grants and contributions receivable	767,250	472,303
Promises to give – current	133,939	223,685
Investments - endowment fund	<u>141,461</u>	<u>102,219</u>
Financial assets, at year end	1,500,802	1,552,165
Less those unavailable for general expenditure within One year, due to:		
Board designated net assets	-	(6,415)
Donor restricted funds – current portion	(176,532)	(1,575,315)
Endowments	<u>(141,461)</u>	<u>(102,219)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 1,182,809</u>	<u>\$ (131,784)</u>

As part of its liquidity management, the Coalition structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Coalition applies for grants to cover specific programs and other expenses and considers contributions and fundraising campaigns to cover general mission and operating expenses. The Board of Directors also periodically approves reducing board designated net assets to cover cash flow needs. For the year ended September 30, 2022 and the nine month period ended September 30, 2021, the board approved transfers of \$6,415 and \$0, respectively, from board designated funds.

During the nine month period ended September 30, 2021, the Coalition “borrowed” \$131,784 from restricted cash that it intends to replenish from resources without donor restrictions once operations allow. The Coalition did not “borrow” any restricted cash during the year ended September 30, 2022 to cover general operations.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Financial Statements
For the Year Ended September 30, 2022 and
the Nine Month Period Ended September 30, 2021

18. SUBSEQUENT EVENTS

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through July 31, 2023, the date the financial statements were available to be issued. There were no significant events that required disclosure in these financial statements.

SINGLE AUDIT

Religious Coalition for Emergency Human Needs, Inc.
Schedule of Expenditures of Federal Awards
For Year Ended September 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant Number	Expenditures
Department of the Treasury			
City of Frederick, Maryland			
Emergency Housing Program	21.027	N/A	\$ 320,000
Frederick County, Maryland			
COVID-19 Emergency Rental Assistance Program	21.023	N/A	1,720,924
COVID-19 Emergency Rental Assistance Program	21.023	N/A	4,142,283
COVID-19 Emergency Rental Assistance Program	21.023	N/A	1,396,854
COVID-19 State and Local Fiscal Recovery Funds	21.027	N/A	136,458
COVID-19 State and Local Fiscal Recovery Funds	21.027	N/A	226,642
Total Department of Treasury			<u>7,943,161</u>
Department of Housing and Urban Development			
City of Frederick, Maryland			
Homeless Solutions Program	14.231	N/A	115,180
COVID-19 Homeless Solutions Program	14.231	N/A	13,636
COVID-19 Emergency Solutions grant	14.231	N/A	306,000
Frederick County, Maryland			
COVID-19 Community Development Block Grant	14.228	CV-1-6	365,479
Total Department of Housing and Urban Development			<u>800,295</u>
Total Expenditures of Federal Awards			<u><u>\$8,743,456</u></u>

The accompanying notes are an integral part of this schedule.

Religious Coalition for Emergency Human Needs, Inc.
Notes to the Schedule of Expenditures of Federal Awards
September 30, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Religious Coalition for Emergency Human Needs, Inc. (a nonprofit organization), under programs of the federal government for the year ended September 30, 2022. 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 Religious Coalition for Emergency Human Needs, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Religious Coalition for Emergency Human Needs, Inc.

MAJOR PROGRAM

Department of the Treasury

Assistance Listing Number 21.023 Emergency Rental Assistance Program

ERA 1 provided \$25 billion for the U.S. Department of the Treasury (Treasury). ERA 1 award funds may be used to provide financial assistance and housing stability service to eligible households between March 15, 2021 and December 31, 2021.

This program provides emergency rental assistance and utility assistance to individuals and families who have been impacted by the COVID-19 crisis.

ERA 2 provided \$21.55 billion for the U.S. Department of the Treasury (Treasury). ERA 2 award funds may be used to assist eligible households with financial assistance and to provide housing stability services and, as applicable, to cover the costs for other affordable rental housing and eviction prevention activities.

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Religious Coalition for Emergency Human Needs, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance; they utilize the indirect cost rates agreed upon in the applicable grant document.



Independent Auditor’s Report
on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

To the Board of Directors of
Religious Coalition for Emergency Human Needs, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Religious Coalition for Emergency Human Needs, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Religious Coalition for Emergency Human Needs, Inc.’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 Religious Coalition for Emergency Human Needs, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Religious Coalition for Emergency Human Needs, Inc.’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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Religious Coalition for Emergency Human Needs, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Religious Coalition for Emergency Human Needs, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Religious Coalition for Emergency Human Needs, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Religious Coalition for Emergency Human Needs, Inc.'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.

LSWG, P.A.

Rockville, Maryland
July 31, 2023



Independent Auditor’s Report
on Compliance for Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance

To the Board of Directors of
Religious Coalition for Emergency Human Needs, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Religious Coalition for Emergency Human Needs, Inc.’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 Religious Coalition for Emergency Human Needs, Inc.’s major federal programs for the year ended September 30, 2022. Religious Coalition for Emergency Human Needs, Inc.’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, Religious Coalition for Emergency Human Needs, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

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 Religious Coalition for Emergency Human Needs, Inc. and to meet our 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 Religious Coalition for Emergency Human Needs, Inc.’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 Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'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 Religious Coalition for Emergency Human Needs, Inc.'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Religious Coalition for Emergency Human Needs, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Religious Coalition for Emergency Human Needs, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

LSWG, P.A.

Rockville, Maryland
July 31, 2023

**Religious Coalition for Emergency Human Needs, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2022**

A. Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.023	Emergency Rental Assistance Program

**Religious Coalition for Emergency Human Needs, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022**

B. Findings and Questioned Costs – Major Federal Award

None

Religious Coalition for Emergency Human Needs, Inc.
Summary Schedule of Prior Audit Findings
September 30, 2022

Findings - Financial Statements

2021-001 Timesheets

Condition: This finding was a material weakness stating that supervisor’s signatures and employee’s signatures were missing from timesheets.

Recommendation: The auditor recommended management work with the electronic timesheet vendor to ensure that an audit trail for all approvals (employee and supervisor) is maintained. If the system only allows access for a certain period of time, then the audit trail needs to be printed and stored separately so that the information is not lost.

Current Status: During fiscal year 2022, all timesheets tested included both the employee and supervisor signatures.

2021-002 Cash Disbursements

Condition: This finding was a material weakness stating that management approval of certain selected invoices was missing.

Recommendation: The auditor recommended management review the internal controls surrounding cash disbursements to ensure that proper documentation of the approval of invoices is maintained.

Current Status: During fiscal year 2022, the Coalition continues to have findings related to proper documentation and approval of invoices – see Finding 2022-001.

Religious Coalition for Emergency Human Needs, Inc.
Summary Schedule of Prior Audit Findings
September 30, 2021

Findings and Questioned Costs – Major Federal Award

DEPARTMENT OF THE TREASURY

2021-003 Policies and Procedures

Material Weakness

Condition: The Coalition did not have a written procurement policy that included all of the required elements.

Recommendation: The auditor recommended the Coalition adopt a formal written procurement policy in the format and with the elements required by 2 CFR sections 200.318 to 200.326.

Current Status: The procurement policy was adopted in February 2022 which included all required elements.

FREDERICK • ROCKVILLE

www.lswgcpa.com
