



SINGLE AUDIT REPORT

JUNE 30, 2023

INSIGHT HOUSING

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Insight Housing

Opinion

We have audited the accompanying consolidated financial statements of Insight Housing (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Insight Housing as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Consolidated Financial Statements section of our report. We are required to be independent of Insight Housing and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note B to the consolidated financial statements, as of July 1, 2022, Insight Housing adopted Accounting Standards Update (ASU) No. 2016-02 "Leases" (ASC Topic 842). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Insight Housing's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditing 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 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 consolidated 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 Insight Housing'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 Insight Housing'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.

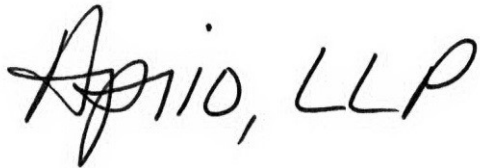
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information shown on page 23 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 a report dated January 29, 2024, on our consideration of Insight Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Insight Housing'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 Insight Housing's internal control over financial reporting and compliance.

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

San Francisco, California
January 29, 2024

INSIGHT HOUSING
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30,

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 3,525,193	\$ 3,936,763
Accounts receivable	3,855,301	2,454,326
Other receivables	206,268	109,438
Pledges receivable	109,200	-
Prepaid expenses	<u>78,333</u>	<u>202,492</u>
Total current assets	7,568,027	6,593,581
<u>Property and equipment, net</u>	2,081,284	2,429,235
<u>Other assets</u>		
Lease right-of-use assets	2,542,476	-
Deposits	201,792	210,018
Intangibles	44,958	55,944
Investment in Hope Center LP	<u>4,000</u>	<u>-</u>
Total assets	<u>\$ 12,442,537</u>	<u>\$ 9,288,778</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable	\$ 696,894	\$ 519,649
Accrued vacation, payroll and payroll taxes	951,174	695,568
Accrued liabilities	-	19,750
Deferred revenue	16,329	320,940
Security deposits, client savings and pass-through	22,636	28,794
Mortgages payable - short term	261,200	261,200
Current portion of lease liability	<u>718,176</u>	<u>-</u>
Total current liabilities	<u>2,666,409</u>	<u>1,845,901</u>
<u>Long-term liabilities:</u>		
Interest payable	959,394	919,336
Mortgages payable - long-term	1,081,081	1,094,271
Lease liability, net of current portion	<u>1,872,847</u>	<u>-</u>
Total long-term liabilities	<u>3,913,322</u>	<u>2,013,607</u>
Total liabilities	<u>6,579,731</u>	<u>3,859,508</u>
<u>Net assets</u>		
Without donor restrictions	4,572,703	3,454,780
With donor restrictions	<u>1,290,103</u>	<u>1,974,490</u>
Total net assets	<u>5,862,806</u>	<u>5,429,270</u>
Total liabilities and net assets	<u>\$ 12,442,537</u>	<u>\$ 9,288,778</u>

See independent auditors' report and notes to the consolidated financial statements

INSIGHT HOUSING
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and other support</u>			
Government grants:			
Federal	\$ 13,899,171	\$ -	\$ 13,899,171
Alameda County	2,821,302	-	2,821,302
City of Albany	449,771	-	449,771
City of Berkeley	1,516,593	-	1,516,593
Contributions:			
Donations - operating	1,508,456	643,243	2,151,699
In-kind donations	63,866	-	63,866
Program service revenue	411,041	-	411,041
Special events, net of direct expenses of \$70,589	366,291	-	366,291
Other income	297,254	-	297,254
Loss on disposal of fixed assets	(219,347)	-	(219,347)
Interest income	25,763	-	25,763
Project income	887,127	-	887,127
Development fees	408,483	-	408,483
Net assets released from restrictions	1,327,630	(1,327,630)	-
Total revenues and other support	23,763,401	(684,387)	23,079,014
<u>Expenses</u>			
Program services	19,645,950	-	19,645,950
Management and general	2,471,068	-	2,471,068
Fundraising and capital campaign	528,460	-	528,460
Total expenses	22,645,478	-	22,645,478
Change in net assets	1,117,923	(684,387)	433,536
Net assets at beginning of year	3,454,780	1,974,490	5,429,270
Net assets at end of year	\$ 4,572,703	\$ 1,290,103	\$ 5,862,806

See independent auditors' report and notes to the consolidated financial statements

INSIGHT HOUSING
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support</u>			
Government grants:			
Federal	\$ 12,581,591	\$ -	\$ 12,581,591
Alameda County	1,333,798	-	1,333,798
City of Albany	340,966	-	340,966
City of Berkeley	2,465,431	-	2,465,431
Contributions:			
Donations - operating	983,378	1,722,862	2,706,240
In-kind donations	34,771	-	34,771
Program service revenue	481,292	-	481,292
Special events, net	21,581	-	21,581
Net investment income	23,915	-	23,915
Other income	33,040	-	33,040
PPP loan forgiveness	874,230	-	874,230
Net assets released from restrictions	<u>328,724</u>	<u>(328,724)</u>	<u>-</u>
Total revenues and other support	<u>19,502,717</u>	<u>1,394,138</u>	<u>20,896,855</u>
<u>Expenses</u>			
Program services	15,619,804	-	15,619,804
Management and General	2,177,995	-	2,177,995
Fundraising and Capital Campaign	<u>571,641</u>	<u>-</u>	<u>571,641</u>
Total expenses	<u>18,369,440</u>	<u>-</u>	<u>18,369,440</u>
Change in net assets	1,133,277	1,394,138	2,527,415
Net assets at beginning of year	<u>2,321,503</u>	<u>580,352</u>	<u>2,901,855</u>
Net assets at end of year	<u>\$ 3,454,780</u>	<u>\$ 1,974,490</u>	<u>\$ 5,429,270</u>

See independent auditors' report and notes to the consolidated financial statements

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

	Program Services			Supporting Services		Total
	Supportive Services for Veteran Families	Other Programs	Total Program Services	Management and General	Fundraising and Capital Campaign	
Personnel costs						
Salaries and wages	\$ 4,275,332	\$ 3,136,572	\$ 7,411,904	\$ 2,439,998	\$ 372,252	\$ 10,224,154
Payroll taxes and benefits	<u>1,048,191</u>	<u>689,906</u>	<u>1,738,097</u>	<u>497,405</u>	<u>49,940</u>	<u>2,285,442</u>
Total personnel costs	5,323,523	3,826,478	9,150,001	2,937,403	422,192	12,509,596
Operating						
Client rents	4,361,965	97,705	4,459,670	-	-	4,459,670
Rent	359,068	421,946	781,014	149,383	4,118	934,515
Client relations	607,162	89,550	696,712	3,680	-	700,392
Information technology	269,774	224,513	494,287	78,055	11,505	583,847
Repairs and maintenance	94,241	261,513	355,754	18,395	228	374,377
Food costs	366	299,555	299,921	38,813	25,084	363,818
Professional fees	27,332	218,869	246,201	42,126	15,927	304,254
Program security	61	285,377	285,438	5,286	-	290,724
Travel and transportation	170,072	33,229	203,301	42,427	1,665	247,393
Contracted program services	125,639	70,972	196,611	41,338	-	237,949
Utilities	23,957	188,674	212,631	11,727	382	224,740
Office furniture and equipment	69,130	85,374	154,504	58,149	1,569	214,222
Telephone	91,551	50,056	141,607	25,848	3,610	171,065
Program supplies	32,512	92,130	124,642	9,058	46	133,746
Licenses, permits, fees and taxes	28,947	57,553	86,500	29,633	4,002	120,135
Office supplies	40,502	23,942	64,444	35,904	526	100,874
Marketing and development	519	9,560	10,079	25,642	106,533	142,254
Insurance	51,892	60,276	112,168	(20,114)	1,485	93,539
Staff development	13,525	5,741	19,266	70,167	60	89,493
Household furniture & equipment	17,040	39,718	56,758	4,399	-	61,157
Printing and copying	8,387	2,473	10,860	34,535	12	45,407
Household supplies	4,045	29,974	34,019	7,544	-	41,563
Staff recruitment	2,569	1,108	3,677	34,139	11	37,827
Mailing and postage	1,628	1,342	2,970	10,911	94	13,975
Indirect costs	<u>1,300,576</u>	<u>102,281</u>	<u>1,402,857</u>	<u>(1,401,094)</u>	<u>-</u>	<u>1,763</u>
Total expenses before depreciation and interest	13,025,983	6,579,909	19,605,892	2,293,354	599,049	22,498,295
Interest and financing	-	40,058	40,058	-	-	40,058
Depreciation and amortization	-	-	-	177,714	-	177,714
Less: Special event direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,589)</u>	<u>(70,589)</u>
Total	<u>\$ 13,025,983</u>	<u>\$ 6,619,967</u>	<u>\$ 19,645,950</u>	<u>\$ 2,471,068</u>	<u>\$ 528,460</u>	<u>\$ 22,645,478</u>

See independent auditors' report and notes to the consolidated financial statements

INSIGHT HOUSING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Total
	Supportive Services for Veteran Families	All Other Programs	Total Program Services	Management and General	Fundraising and Capital Campaign	
Personnel costs						
Salaries and wages	\$ 3,970,995	\$ 2,544,305	\$ 6,515,300	\$ 1,329,725	\$ 317,169	\$ 8,162,194
Payroll taxes and benefits	<u>934,751</u>	<u>554,677</u>	<u>1,489,428</u>	<u>124,452</u>	<u>43,869</u>	<u>1,657,749</u>
Total personnel costs	4,905,746	3,098,982	8,004,728	1,454,177	361,038	9,819,943
Operating						
Client rents	4,138,576	173,777	4,312,353	-	-	4,312,353
Rent	307,254	270,927	578,181	97,252	2,416	677,849
Client relations	622,620	43,859	666,479	-	-	666,479
Information technology	252,806	124,519	377,325	56,719	15,510	449,554
Repairs and maintenance	44,796	161,138	205,934	10,347	237	216,518
Food costs	-	185,642	185,642	-	-	185,642
Professional fees	50,594	25,524	76,118	240,746	9,109	325,973
Program security	-	354,833	354,833	-	-	354,833
Travel and transportation	173,625	49,462	223,087	13,642	1,569	238,298
Utilities	20,151	129,507	149,658	8,680	179	158,517
Office furniture and equipment	14,192	2,392	16,584	-	-	16,584
Telephone	92,210	45,529	137,739	33,046	4,677	175,462
Program supplies	-	37,925	37,925	1,645	37,321	76,891
Licenses, permits, fees and taxes	19,358	10,741	30,099	3,493	36	33,628
Office supplies	26,485	20,574	47,059	5,545	420	53,024
Marketing and development	-	1,083	1,083	15,424	112,338	128,845
Insurance	6,360	3,531	9,891	24,533	-	34,424
Staff development	24,512	11,516	36,028	17,974	3,263	57,265
Household furniture & equipment	-	12,028	12,028	-	-	12,028
Printing and copying	10,907	3,878	14,785	1,315	18,935	35,035
Household supplies	-	34,972	34,972	-	-	34,972
Staff recruitment	-	416	416	63,362	-	63,778
Mailing and postage	721	1,891	2,612	5,282	4,593	12,487
Equipment rental	31,323	25,397	56,720	16,590	-	73,310
Household equipment rental	-	<u>5,789</u>	<u>5,789</u>	-	-	<u>5,789</u>
Total expenses before depreciation and interest	10,742,236	4,835,832	15,578,068	2,069,772	571,641	18,219,481
Depreciation and amortization	-	-	-	108,223	-	108,223
Interest and financing	-	<u>41,736</u>	<u>41,736</u>	-	-	<u>41,736</u>
Total	<u>\$ 10,742,236</u>	<u>\$ 4,877,568</u>	<u>\$ 15,619,804</u>	<u>\$ 2,177,995</u>	<u>\$ 571,641</u>	<u>\$ 18,369,440</u>

See independent auditors' report and notes to the consolidated financial statements

INSIGHT HOUSING
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 433,536	\$ 2,527,415
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	177,714	108,223
Amortization of right of use lease assets	551,730	-
Loss on disposal of assets	219,347	-
Forgiveness of Paycheck Protection Program	-	(874,230)
Changes in operating assets and liabilities:		
Accounts receivable	(1,304,145)	902,901
Pledges receivable	(109,200)	-
Other receivables	(96,830)	95,455
Prepaid expenses	124,159	(14,491)
Deposits	8,226	(147,993)
Investment in Hope Center LP	(4,000)	-
Accounts payable	217,303	(330,598)
Accrued vacation, payroll and payroll taxes	255,606	128,120
Accrued liabilities	(19,750)	(56,406)
Deferred revenue	(304,611)	(534,319)
Security deposits, client savings and pass-through	(6,161)	8,271
Lease liability	(503,182)	-
Net cash provided by (used in) operating activities	<u>(360,258)</u>	<u>1,812,348</u>
<u>Cash flows from investing activities</u>		
Purchases of property and equipment	(38,123)	(173,563)
Net cash used in investing activities	<u>(38,123)</u>	<u>(173,563)</u>
<u>Cash flows from financing activities</u>		
Mortgage and loan payments	(13,190)	(2,326)
Net cash used in financing activities	<u>(13,190)</u>	<u>(2,326)</u>
Increase (decrease) in cash and cash equivalents	(411,571)	1,636,459
Cash and cash equivalents, beginning of year	<u>3,936,763</u>	<u>2,300,304</u>
Cash and cash equivalents, end of year	<u>\$3,525,192</u>	<u>\$ 3,936,763</u>
<u>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES</u>		
Donated building subject to mortgage	\$ -	\$ 522,167
<u>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES</u>		
Mortgage assumed	\$ -	\$ 522,167

See independent auditors' report and notes to the consolidated financial statements

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note A

Nature of Organization

Organization:

In May 2023, Berkeley Food and Housing Project (BFHP) changed its name to Insight Housing to reflect its growth in both scope and service area. Insight Housing began operating in 1970 and was incorporated as a California nonprofit public benefit corporation in 1984. Insight Housing is governed by a volunteer board of directors, and its mission is to ensure everyone in their community has a home through supportive, equitable, and sustainable housing solutions. Insight Housing fulfills their mission by providing emergency food and shelter, transitional housing, rapid rehousing, and permanent supportive housing with wraparound support services. Insight Housing believes everyone has the right to affordable housing and healthy food to eat.

Insight Housing's core values are Engage Authentically, Act Strategically, Build Community, Respond with Respect and be an Advocate. They are committed to serving one of the most vulnerable populations in our community with fairness and dignity. Every day, Insight Housing advocates for and partners with individuals and families experiencing housing and food insecurity. Insight Housing is proud to operate the following programs in support of their mission.

Specific Programs:

Emergency Shelter

Insight Housing operates two (2) emergency shelters in Berkeley, one for women and one for men. The women's shelter has been in operation since 1992 and the men's shelter has been in operation since 1986, each can accommodate up to thirty-two (32) individuals. The shelter offers those who are experiencing homelessness a safe place to stay and support while they build income, skills, and seek permanent housing. The shelter operates 24/7, 365 days a year. The men's shelter has been located at the Hope Center, 2012 Berkeley Way, since September 2022. In November 2022, the women's shelter was displaced from its location at 2140 Dwight Way, due to a fire. The women's shelter is temporarily relocated to 4300 San Pablo Ave, Emeryville, California, while the Dwight Way building is under renovation.

Hope Center Transitional Housing for Veterans Units

Hope Center is the home of twelve Single Room Occupancy (SRO) units. These units provide permanent supportive housing with wraparound support services for previously homeless veterans. Insight Housing works closely with the Department of Veteran Affairs (VA) which provides case management and clinical services to support Veterans to remain healthy and housed.

Free Community Meal

Insight Housing operates the longest running free, weekday community meal program in the City of Berkeley. Menus are created with nutritional value and taste in mind. A vegetarian option is always available. Guests include those who have low-income, are unemployed, and people experiencing homelessness. The meal program also provides breakfast, lunch, and dinner for the clients in the Emergency Shelters, Hope Center Permanent Supported Housing units, and Berkeley Respite Program.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note A

Nature of Organization (Continued)

Homeless Veterans Reintegration Program (HVRP)

Made possible through the U.S. Department of Labor, Insight Housing can bring employment services into their work with Veterans, thus ensuring a higher rate of success in sustaining permanent housing.

HUD-VASH Voucher Administration

Insight Housing is part of a pilot program to administer Housing & Urban Development/Veterans Affairs Supportive Housing (HUD-VASH) vouchers. They work with local and public housing authorities to understand their eligibility criteria and assist Veterans in preparing and submitting applications.

Rio Vista House

Insight Housing partnered with Habitat for Humanity Solano-Napa to build a new six (6) bedroom, three (3) bathroom house in Rio Vista, which opened in January 2021. Habitat for Humanity transferred the title and mortgage to Insight Housing in March 2022. Insight Housing operates this property and provides a permanent home with support services for local Veterans.

Russell Street Residence (RSR) & Annex

Russell Street Residence was established in 2002 and provides permanent supportive housing for seventeen (17) formerly homeless adults diagnosed with serious and persistent mental illness (SMI). Residents of Russell Street receive 24/7 care. Staff collaborates with residents to develop independent living skills and assess those who might be ready to move into a more independent setting, such as the Annex.

The Russell Street Annex is a four (4) bedroom house on the same property that provides housing for an additional four (4) adults living with SMI. Annex residents live semi-independently and are responsible for the maintenance of their home, cooking, and cleaning. They still participate in program activities and outings, and work with staff on developing and maintaining independent living skills.

Shelter Plus Care (S+C)

Shelter Plus Care (S+C) is a housing subsidy program with ongoing tenancy support services to 30 clients. Clients in this program are high-need, formerly homeless individuals with one or more disabilities. They live in their own homes, pay approximately 30% of their income towards rent, and receive support services to help them maintain their housing.

Supportive Services for Veteran Families (SSVF)

Funded by the Veteran's Administration, SSVF is Insight Housing's largest program and provides a robust set of homelessness prevention and housing tools for Veterans and their families who are experiencing or at risk of homelessness, including: housing location help, temporary financial assistance, and wraparound case management.

**INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

Note A

Nature of Organization (Continued)

The resources are flexible, meaning they can be tailored to the needs of the individual Veteran household. The SSVF shallow subsidy program provides two years of rental assistance that will not decrease if the household increases their income. Insight Housing operates this program in seven counties including: Alameda, Amador, Contra Costa, Sacramento, San Joaquin, San Francisco and Solano. During FY22/23 Insight Housing proudly served over 1,580 Veterans and their family members through this program.

During FY22/23 Insight Housing provided legal service to Veteran household. Insight Housing subcontracted with Bay Area Legal Aid (BALA) to provide legal services to Veteran. BALA will assist Veteran families to obtain mainstream benefits from federal, state, or local agencies.

Transitional Housing

Insight Housing offers temporary housing (6-24 months) and intensive life skills training to up to eighteen (18) homeless male veterans in Berkeley. This program has been funded by the Department of Veteran Affairs since 2011.

- **Berkeley Respite Program**

The Berkeley Respite Program has been active since June 2020 in response to COVID-19. It is a partnership with the City of Berkeley to oversee and maintain eighteen (18) RV trailers and one four (4) bedroom shared house. Insight Housing provides case management, housing navigation and placement, and operational services including daily wellness checks, meals, laundry services, and hygiene and cleaning supplies. Insight Housing will continue to manage this program, which ended in September 2023, and they are currently working with the City of Berkeley to build-out a Rapid Re-housing program to continue assisting this population into next year.

- **Housing Community Supports (HCS)**

The Housing Community Supports is a continuation of the HHIS program and began in January 2022. Insight Housing is contracted with Alameda County's Health Care Services Agency (HCSA) Office of Homeless Care and Coordination (OHCC) to maintain 144 slots of combined strength-based housing transition navigation services and housing tenancy and sustaining services for homeless and formerly homeless individuals living in or transitioning to HCSA designated permanent housing units. Insight Housing administers one-time flexible housing deposits for consumers authorized by HCSA to assist with costs associated with move-in expenses.

The Insight Housing Hope Center

This project is a joint development between Insight Housing and BRIDGE Housing. It creates a continuum of affordable and very low-income housing that is integrated into the fabric of a vibrant downtown community, rich in transit and services.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note A

Nature of Organization (Continued)

Insight Housing's portion of the project consists of:

- 32 shelter beds for homeless adult men
- 53 units of permanent supportive housing for homeless and disabled men and women
- 12 transitional housing beds for homeless male veterans (in partnership with the VA)
- Offices for support staff and partner agencies such as Lifelong Medical and Berkeley Mental Health
- A commercial kitchen and dining facility for residents and the Free Community Meal program

The Hope Center is designed to serve Berkeley's very low-income, disabled and chronically homeless population through an innovative integration of housing and onsite support services.

Note B

Summary of Significant Accounting Policies

Basis of Accounting:

The consolidated financial statements of Insight Housing are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents:

For the purpose of the consolidated statements of cash flows, Insight Housing considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Insight Housing maintains cash balances at a commercial bank, and these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. Under a cash sweep provision through the Bank of Marin as of the year ended June 30, 2023, accounts are insured by the Federal Deposit Insurance Corporation up to \$20 million. At June 30, 2023, there were no uninsured cash balances. At June 30, 2022, there were no uninsured cash balances. Insight Housing has not experienced any losses through the date when the consolidated financial statements were available to be issued.

Principles of Consolidation:

Insight Housing and Bridge Housing Corporation formed a limited liability company known as Hope Center Housing LLC. Hope Center Housing LLC and Bridge Regional Partners, Inc. formed a limited partnership known as BFHP Hope Center LP. The purpose of the Partnership is the development and operation of the Insight Housing Hope Center.

Insight Housing's ownership includes:

- 49% owner/operator of 53 units of affordable supportive Housing;
- 100% owner/operator 32 shelter beds, 12 units of permanent supportive Housing for veterans, a commercial kitchen, and a community meal center.
- The entire Berkeley Way Hope center project and construction was completed in September 2022.
- At the completion of the permitting process, the 100% owner items will be transferred to Insight Housing (BFHP Hope Center, LLC).

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note B
Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. Insight Housing is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Insight Housing. These net assets may be used at the discretion of Insight Housing's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value of Financial Instruments:

The carrying amounts of cash and cash equivalents and grants receivable approximate fair value because of the short maturity of those financial instruments. The carrying amounts of loans and mortgages payable are provided by the lenders and are based on interest rates being offered for loans with similar terms, to other low-income housing borrowers.

Accounts Receivable:

Insight Housing considers all accounts receivable to be fully collectible at June 30, 2023 and 2022. Management has determined that no allowance was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Property and Equipment:

Property and equipment are stated at cost. Expenditures for minor additions of equipment are charged to expense when incurred. Insight Housing capitalizes interest as a component of the cost of property and equipment when the property and equipment is constructed using borrowed funds.

Depreciation is calculated using the straight-line and accelerated method over the estimated useful lives of the respective assets, as follows:

Building and improvements	5 - 27.5 years
Furniture and equipment	3 - 7 years
Vehicles	5 - 7 years

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note B
Summary of Significant Accounting Policies (Continued)

Leases:

Insight Housing adopted ASC 842 - Leases effective July 1, 2022, with all the available practical expedients, retrospectively at the beginning of the period of adoption. There was no net asset impact on the adoption of ASC 842. Insight Housing recognizes and measures its leases in accordance with ASC 842 Leases. Insight Housing determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Insight Housing recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Insight Housing's incremental borrowing rate. Insight Housing's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

Insight Housing has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that Insight Housing is reasonably certain to exercise. Insight Housing recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, Insight Housing accounts for both components as a single lease component.

Revenue Recognition:

Contributions are recognized as revenue in the year they are received. Donor contributions restricted for capital expenditures are released to net assets without donor restrictions when the assets are placed into service.

Insight Housing recognizes contributions as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor-imposed restriction is met or the passage of time expires, restricted net assets are reclassified to net assets without donor restrictions and presented in the accompanying consolidated statements of activities as net assets released from restrictions.

Government grant revenue and program service fee income are recognized in accordance with the terms of respective contracts, which is generally when the related expenditures are incurred.

Developer fees are recognized as income over the period based on the percentage completion of the project.

Rental income is recognized pro-rata over the period of rent.

Special events revenue is recognized when the event occurs.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note B
Summary of Significant Accounting Policies (Continued)

Contributions:

Insight Housing records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. Contributions that are expected to be collected after one year are discounted at a discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. Insight Housing recognizes conditional promises to give when the conditions stipulated by the donor are substantially met.

Donated Goods and Services:

Donated goods and services are reflected as revenue in the accompanying consolidated statements of activities at their estimated fair values at the date of receipt. No amounts have been reflected in the consolidated statements of activities for donated volunteer services because they do not meet the criteria for revenue recognition. During the years ended June 30, 2023 and 2022, donated goods and services totaled \$63,866 and \$34,771, respectively. Donated professional services have been recognized as support and revenue, with an offsetting amount recognized as expenses, in the accompanying consolidated statements of activities. Donated materials were received and utilized by the various programs and for development purposes and have been allocated as program expenses accordingly.

Functional Expenses:

Insight Housing allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to the formula developed by management. Compensation and benefits are allocated on the basis of time and effort. Shared facilities and utilities are allocated based on square footage basis. Telephone costs are allocated based on the number of lines assigned to each program. Some of the shared costs of residential facilities are allocated on the basis of number of beds per program.

Advertising:

Advertising costs are expensed as incurred and paid. For the years ended June 30, 2023 and 2022, advertising expense totaled \$1,270 and \$1,380, respectively.

Tax Exempt Status:

Insight Housing is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes is required. Insight Housing is also exempt from state income taxes under Section 23701(d) of the California Revenue and Taxation Code. Insight Housing applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes. Insight Housing is no longer subject to income tax examinations for tax years up to and including 2020.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note B
Summary of Significant Accounting Policies (Continued)

Use of Estimates:

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

New Accounting Pronouncements:

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments-Credit Losses* (Topic 326). The new standard amends currently existing authoritative guidance surrounding credit losses. This guidance will require significant analysis of risk of loss relating to trade receivables, historical credit losses and supportable forecasts of future economic conditions. The standard will be effective for years beginning after December 15, 2022. Management is currently evaluating the impact of adoption.

Reclassifications:

Certain reclassifications have been made to the prior year consolidated financial statements in order to make prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net assets or changes in net assets.

Note C
Liquidity and Availability of Resources

Insight Housing's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	\$ 3,525,193	\$ 3,936,763
Accounts and pledges receivable	<u>3,964,501</u>	<u>2,454,326</u>
Total financial assets	7,489,694	6,391,089
Less: Operating reserve*	(984,636)	(600,000)
Less: Assets with donor restriction	<u>(1,290,103)</u>	<u>(1,974,490)</u>
Total financial assets available for general expenditure within one year	<u>\$ 5,214,955</u>	<u>\$ 3,816,599</u>

*Note that this operating reserve is not subject to board or donor stipulations, but is held at management's discretion.

Insight Housing has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$1,670,000. Insight Housing has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Insight Housing has a line of credit with Bank of Marin in the amount of \$1,500,000.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note D

Security Deposits, Client Savings, and Pass-Through Funding

Client security deposits and savings are held on behalf of housing program participants, in checking accounts which bear no interest, and are refundable upon program departure. Insight Housing also provides representative payee services to clients who require assistance with money management, and support for the maintenance of permanent housing. In addition, pass-through funds for fiscal services are also held on behalf of government agencies in non-interest bearing checking accounts.

Note E

Property and Equipment

The following is a summary of property and equipment at cost at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 270,000	\$ 270,000
Buildings and building improvements	3,001,325	2,999,890
Leasehold improvements	169,465	692,664
Vehicles	38,269	38,457
Equipment and computers	<u>374,844</u>	<u>337,967</u>
	3,853,903	4,338,978
Less: accumulated depreciation	<u>(1,772,619)</u>	<u>(1,909,743)</u>
Property and equipment, net	<u>\$ 2,081,284</u>	<u>\$ 2,429,235</u>

Depreciation expense for the years ended June 30, 2023 and 2022, totaled \$166,728 and \$104,590, respectively.

Note F

Intangible Assets

Intangible assets consist of software license costs of \$60,596. The costs are subject to amortization on a straight-line basis over an estimated life of three years. Amortization expense was \$10,986 and \$3,633 for the years ended June 30, 2023 and 2022, respectively.

Note G

Line of Credit

Insight Housing established a line of credit with Bank of Marin that allows Insight Housing to borrow up to \$1,500,000. Borrowings under this agreement bear interest at an annual rate of 8.25% and is secured by Insight Housing's assets. The line of credit agreement expires on July 5, 2024. As of June 30, 2023, there was no outstanding balance on the line of credit.

Note H

Loan And Mortgages Payable

On November 4, 1998, Insight Housing entered into a \$317,630 loan agreement with the City of Berkeley ("City"). An additional \$270,000 was borrowed from the City on March 29, 2002, for a total of \$587,630. The City loans bear simple interest at six percent (6%) per annum over fifty-five years, with all interest and principal payments to be deferred until March 1, 2053, or upon sale of the property, whichever occurs first.

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note H

Loan And Mortgages Payable (Continued)

On March 25, 2022, Insight Housing entered into a \$398,994 loan agreement with the Solano-Napa Habitat for Humanity, Inc. (SNHFH) for the cost of the Rio Vista Residence real property located at 600 St. Francis Way, Rio Vista, California. This is a non-interest-bearing note. Monthly installments of \$1,108 are due on the first day of the month.

On March 11, 2022, Insight Housing entered into a \$123,173 loan agreement with the Solano-Napa Habitat for Humanity, Inc. for the cost of Rio Vista Residence's fixtures. This is a non-interest-bearing note and has no required periodic payments. Insight Housing agrees to pay the unpaid principal balance upon the earlier of (1) the sale, transfer, lease, or encumbrance of all or any interest in the Residence or Property itself without SNHFH's prior written consent, or (2) Insight Housing's failure to use the Residence for the deed-restricted principal purpose of providing housing to low-income veterans of Solano County.

In December 2001, Insight Housing entered into a \$160,000 loan agreement with the County of Alameda Housing and Community Development ("County"). The County loan bears simple interest at three percent (3%) per annum over ten years. The County loan is due and payable in ten years, or upon sale of the property, whichever occurs first. Insight Housing is in the process of having the debt forgiven and obtaining a deed of reconveyance from the lender.

On December 8, 2001, Insight Housing received an \$88,000 Affordable Housing Program (AHP) subsidy. The AHP subsidy is non-interest bearing, with a fifteen-year compliance period. Insight Housing is in the process of having the debt forgiven and obtaining a deed of reconveyance from the lender.

Total mortgage proceeds of \$835,630 were used to finance the rehabilitation and expansion of the Dwight Way property and all loans are secured by said property.

At June 30, 2023 and 2022, interest payable includes \$846,594 and \$811,336 interest payable to the City, respectively, and \$112,800 and \$108,000 interest payable to the County, respectively.

Future minimum principal payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 261,300
2025	-
2026	-
2027	-
2028	-
Thereafter	<u>2,040,375</u>
	2,301,675
Less accrued interest	<u>(959,394)</u>
Total mortgages payable	<u>\$ 1,342,281</u>

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note I
Paycheck Protection Program

On April 30, 2020, Insight Housing received loan proceeds in the amount of \$874,230 under the Paycheck Protection Program ("PPP").

The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable after 24 weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness would have been reduced if the borrower terminated employees or reduced salaries during the 24-week period. The unforgiven portion of the PPP would have been payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

Insight Housing received forgiveness on July 7, 2021, as it used the proceeds for purposes consistent with the PPP. The forgiven balance was recognized as income for the year ended June 30, 2022.

Note J
Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2023:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Hope Center Operations	\$ 1,057,679	\$ (300,000)	\$ 122,000	\$ 114,565	\$ 765,114
Capital Campaign	654,645	-	-	600,000	54,645
Rest Food and Meal	147,051	300,000	183,531	309,760	320,822
Restricted Fixed Assets	39,787	-	-	22,518	17,269
Homeless Veterans	29,575	-	321,712	224,001	127,286
RSR - Kaiser Meal Program	25,000	-	-	25,000	-
Shelter and ST Housing	15,786	-	1,000	16,786	-
MPX - VETS - Feeding					
Appeal	4,562	-	-	-	4,562
HUB Move-In Kit	405	-	-	-	405
Real Estate Development	-	-	15,000	15,000	-
	<u>\$ 1,974,490</u>	<u>\$ -</u>	<u>\$ 643,243</u>	<u>\$ 1,327,630</u>	<u>\$ 1,290,103</u>

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note J

Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions consist of the following as of June 30, 2022:

	<u>Beginning Balance</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Hope Center Operation	\$ -	\$ 1,057,679	\$ -	\$ 1,057,679
Capital Campaign	414,099	317,451	76,905	654,645
Rest Food and Meal	-	209,213	62,162	147,051
Restricted Fixed Assets	62,305	-	22,518	39,787
Homeless Veterans	-	36,375	6,800	29,575
RSR - Kaiser Meal Program	-	50,400	25,400	25,000
Shelter and ST Housing	-	41,744	25,958	15,786
MPX - VETS - Feeding Appeal	4,562	-	-	4,562
HUB Move-In Kit	405	-	-	405
Bob Woodruff	98,981	-	98,981	-
Leshar Foundation Grant	-	10,000	10,000	-
	<u>\$ 580,352</u>	<u>\$ 1,722,862</u>	<u>\$ 328,724</u>	<u>\$ 1,974,490</u>

Note K

Retirement Plan

Insight Housing has a defined contribution 403(b) plan which covers substantially all of its employees and allows for matching contributions. Insight Housing makes matching contributions of 2% of each participant's compensation, up to \$2,000 annually after one year of employment. Total matching contributions were \$93,734 and \$68,024, respectively for the years ended June 30, 2023 and 2022.

Note L

Contingencies

Grant awards and bequests require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Insight Housing deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of Insight Housing to the provisions of the grants. Insight Housing's management is of the opinion that it has complied with the terms of all grants.

Note M

Leases

Insight Housing has obligations as a lessee for office space and other equipment. All leases are classified as operating leases. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less). As of June 30, 2023, Insight Housing had short-term lease expenses of \$179,195.

The components of the leases for the year ending June 30, 2023, are as follows:

	<u>Amount</u>
Operating lease cost	\$ 658,574
Cash paid for amounts included in the measurement of lease liabilities - operating lease	\$ 652,287
Lease liabilities arising from obtaining right of use assets	\$ 1,503,964
Weighted-average remaining lease term - operating lease	3.67 years
Weighted-average discount rate - operating lease	3.50%

INSIGHT HOUSING
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note M
Leases (Continued)

Maturities of the lease liability under the noncancelable operating leases as of June 30, 2023, are as follows:

<u>Year Ending June 30</u>	<u>Total Lease Payment</u>
2024	\$ 789,057
2025	774,673
2026	572,992
2027	283,992
2028	257,506
Thereafter	<u>86,676</u>
Total undiscounted lease payments	2,764,896
Less: imputed interest	<u>(173,873)</u>
Total lease liability	<u>\$ 2,591,023</u>

Note N
Subsequent Events

Management considered all events through January 29, 2024, the date the consolidated financial statements were available for release, in preparing the consolidated financial statements and the related disclosures.

Purchase of Russell Street

On September 22, 2023, Insight Housing purchased a property at 1741-1747 Russell Street in Berkeley, California. This property is currently an Insight Housing board and care and transitional housing program, providing 17 board and care beds and eight transitional housing beds.

The total purchase price was \$4,509,670, of which \$3,659,885 was for land, building, and sale expenses, and \$549,785 was for rehabilitation. The purchase was funded with a loan from the City of Berkeley in the amount of \$4,500,000. This loan accrues interest at a rate of 3%. No interest or principal payments are required for 58 years as long as use of the building is in compliance with terms of the loan agreement.

SUPPLEMENTARY INFORMATION

**INSIGHT HOUSING
SCHEDULE OF ALAMEDA COUNTY AWARDS
JUNE 30, 2023**

Contract Name	Master Contract Number	PO/Exhibit Number	Contract Period	Contract Amount	Expenditures
Social Services - Workforce and Benefits Administration					
Homeless Housing Assistance and Prevention Program	902012	24573	10/1/2022 - 6/30/2023	\$ 1,504,505	\$ 1,481,982
Emergency Shelter	900155	23376	7/1/2022 - 6/30/2023	-	545,426
Food Distribution	900155	23376	7/1/2022 - 6/30/2023	114,302	114,302
Health Care Services Agency					
Housing Community Supports	901811	9404	1/1 - 12/31/2022	1,288,750	192,713
Housing Community Supports	902227	24730	1/1 - 12/31/2023	90,000	90,000
Housing Community Supports - SAN	902239	24729	1/1 - 12/31/2023	-	396,880
Total				<u>\$ 2,997,557</u>	<u>\$ 2,821,303</u>

**INSIGHT HOUSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Contract Number	Federal Assistance Listing Number	Total Federal Expenditures
Department of Housing and Urban Development:			
Passed through City of Berkeley			
Program for Entitlement Communities		14.218	\$ 170,502
Emergency Solutions Grant Program		14.231	318,073
Continuum of Care Program		14.267	<u>541,779</u>
Total Passed through City of Berkeley			1,030,354
Passed through City of Albany			
Program for Entitlement Communities		14.218	<u>206,442</u>
Total Passed through City of Albany			<u>206,442</u>
Total Department of Housing and Urban Development			<u>1,236,796</u>
Department of Labor:			
Homeless Veterans Reintegration Program	HV-35278-20-60-5-6	17.805	<u>500,000</u>
Total Department of Labor			<u>500,000</u>
Department of Veterans Affairs:			
VA Homeless Providers Grant and Per Diem Program	BFHP073-1525-612-PD-21	64.024	<u>288,221</u>
VA Supportive Services for Veteran Families Program	S20-CA-437-21	64.033	1,229,499
VA Supportive Services for Veteran Families Program	S20-CA-437-22	64.033	3,397,536
VA Supportive Services for Veteran Families Program	S20-437-LT	64.033	428,869
VA Supportive Services for Veteran Families Program	S20-CA-437-HL	64.033	456,867
VA Supportive Services for Veteran Families Program	S20-CA-502-20	64.033	4,693,914
VA Supportive Services for Veteran Families Program	S20-CA-502-20A	64.033	1,500,000
VA Supportive Services for Veteran Families Program	S20-CA-502-22	64.033	<u>1,319,300</u>
Total			<u>13,025,985</u>
Total Department of Veterans Affairs			<u>13,314,206</u>
Federal Emergency Management Agency:			
Passed through United Way Bay Area			
Emergency Food and Shelter National Board Program		97.024	<u>85,000</u>
Total Federal Emergency Management Agency			<u>85,000</u>
Total Expenditures of Federal Awards			<u>\$ 15,136,002</u>

See notes to schedule of expenditures of federal awards

INSIGHT HOUSING
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Insight Housing under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Insight Housing, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Insight Housing.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

Insight Housing has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INSIGHT HOUSING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I-Summary of Auditors' Results

Consolidated Financial Statements

Report on the Consolidated Financial Statements and on the Supplementary Schedule of Federal Awards:

Opinion on audited consolidated financial statements:	Unmodified
Going concern issue	No

Report on Supporting Information:

Opinion on supporting information	Unmodified
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards:

Instances of fraud, non-compliance, or abuse of law, regulations, contracts or grants that have a material effect on the consolidated financial statements	No
Significant deficiencies or material weaknesses indicator	No

Federal Awards

Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance:

Opinion on compliance with laws, regulations, and contracts applicable to each major program	Unmodified
Significant deficiencies or material weaknesses in internal controls over compliance indicator	No

Schedule of Findings and Questioned Costs

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of OMB Uniform Guidance	No
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Low-risk auditee indicator	Yes

Identification of Major Programs

Grantor/Program or Cluster Title	Federal Assistance Listing Number
Supportive Services for Veteran Families	64.033

Section II - Findings - Consolidated Financial Statements Audit

None

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

None

**INSIGHT HOUSING
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings from the prior audit report.

INDEPENDENT AUDITORS' 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
Insight Housing

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 Insight Housing, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Insight Housing'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Insight Housing's internal control. Accordingly, we do not express an opinion on the effectiveness of the Insight Housing'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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

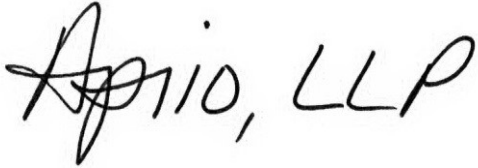
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Insight Housing'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*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Aptio, LLP". The signature is written in a cursive, flowing style with some overlapping letters.

San Francisco, California
January 29, 2024

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

To the Board of Directors
Insight Housing

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Insight Housing'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 Insight Housing's major federal programs for the year ended June 30, 2023. Insight Housing's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Insight Housing 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 Insight Housing'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 Insight Housing's federal programs.

Auditors' 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 Insight Housing'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 Insight Housing'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 Insight Housing'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 Insight Housing'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 Insight Housing's internal control over compliance. Accordingly, no such opinion is expressed.

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

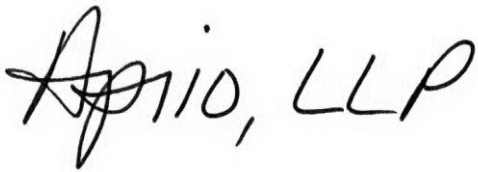
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 "Aptio, LLP". The signature is written in a cursive, flowing style with a large initial 'A'.

San Francisco, California
January 29, 2024