



# MAULDIN & JENKINS

CPAs & ADVISORS

NICHOLAS HOUSE, INC.

FINANCIAL REPORT

AUGUST 31, 2023

**NICHOLAS HOUSE, INC.**

**FINANCIAL REPORT**

**AUGUST 31, 2023**

# NICHOLAS HOUSE, INC.

## FINANCIAL REPORT AUGUST 31, 2023

---

### TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT.....	1 - 3
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position .....	4
Statements of activities.....	5 and 6
Statements of functional expenses .....	7 and 8
Statements of cash flows.....	9
Notes to financial statements.....	10 - 20
<b>SINGLE AUDIT SECTION</b>	
Schedule of expenditures of federal awards .....	21
Notes to schedule of expenditures of federal awards .....	22
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 <i>Government Auditing Standards</i> .....	23 and 24
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	25 - 27
Schedule of findings and questioned costs .....	28 and 29
Summary schedule of prior audit findings .....	30



## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors  
Nicholas House, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of **Nicholas House, Inc.** (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nicholas House, Inc. as of August 31, 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 Financial Statements section of our report. We are required to be independent of Nicholas House, 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 Nicholas House, 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 Nicholas House, 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 Nicholas House, 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 February 13, 2024, on our consideration of Nicholas House, 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 Nicholas House, 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 Nicholas House, Inc.'s internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 13, 2024

**NICHOLAS HOUSE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2023 AND 2022**

<u>Assets</u>	2023	2022
<b>Current Assets</b>		
Cash and cash equivalents	\$ 653,076	\$ -
Grants receivable, net	371,955	1,101,831
Unconditional promises to give, net	154,677	273,356
Prepaid expenses and other assets	11,408	22,481
<b>Total Current Assets</b>	<b>1,191,116</b>	<b>1,397,668</b>
Cash restricted for property and equipment	70,536	70,536
Long-term promises to give, net	194,431	119,930
Property and equipment, net	95,257	81,082
Right-of-use asset	12,001	-
<b>Total Assets</b>	<b>\$ 1,563,341</b>	<b>\$ 1,669,216</b>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 135,767	\$ 93,343
Current portion of operating lease liability	4,607	-
Line of credit	-	214,496
<b>Total Current Liabilities</b>	<b>140,374</b>	<b>307,839</b>
<b>Operating lease liability, less current portion</b>	<b>7,557</b>	<b>-</b>
<b>Total Liabilities</b>	<b>147,931</b>	<b>307,839</b>
<b>Net assets</b>		
Without donor restrictions	831,216	843,741
With donor restrictions		
Purpose restricted	343,390	198,655
Time restricted	240,304	318,481
Perpetual in nature	500	500
<b>Total net assets</b>	<b>1,415,410</b>	<b>1,361,377</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,563,341</b>	<b>\$ 1,669,216</b>

**See Notes to Financial Statements.**

**NICHOLAS HOUSE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Grant and contracts	\$ 933,229	\$ 75,000	\$ 1,008,229
Contributions	739,909	258,535	998,444
In-kind contributions	175,258	-	175,258
Fundraising	68,832	-	68,832
Other	599	-	599
<b>Total public support and revenue before transfers</b>	<u>1,917,827</u>	<u>333,535</u>	<u>2,251,362</u>
<b>Net assets released from restrictions due to satisfaction of donor-imposed requirements</b>	<u>266,977</u>	<u>(266,977)</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>2,184,804</u>	<u>66,558</u>	<u>2,251,362</u>
<b>Expenses</b>			
Program services	1,522,156	-	1,522,156
Supporting services:			
Management and general	402,767	-	402,767
Fundraising	272,406	-	272,406
<b>Total expenses</b>	<u>2,197,329</u>	<u>-</u>	<u>2,197,329</u>
<b>Change in net assets</b>	(12,525)	66,558	54,033
<b>Net assets at beginning of year</b>	<u>843,741</u>	<u>517,636</u>	<u>1,361,377</u>
<b>Net assets at end of year</b>	<u>\$ 831,216</u>	<u>\$ 584,194</u>	<u>\$ 1,415,410</u>

**See Notes to Financial Statements.**

**NICHOLAS HOUSE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenue</b>			
Grant and contracts	\$ 989,582	\$ 75,000	\$ 1,064,582
Contributions	771,739	193,075	964,814
In-kind contributions	321,426	-	321,426
Fundraising, net of direct benefits of \$27,396	118,328	-	118,328
Other	1,711	-	1,711
<b>Total public support and revenue before transfers</b>	<u>2,202,786</u>	<u>268,075</u>	<u>2,470,861</u>
<b>Net assets released from restrictions due to satisfaction of donor-imposed requirements</b>	<u>373,083</u>	<u>(373,083)</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>2,575,869</u>	<u>(105,008)</u>	<u>2,470,861</u>
<b>Expenses</b>			
Program services	1,782,882	-	1,782,882
Supporting services:			
Management and general	338,434	-	338,434
Fundraising	203,967	-	203,967
<b>Total expenses</b>	<u>2,325,283</u>	<u>-</u>	<u>2,325,283</u>
<b>Change in net assets</b>	250,586	(105,008)	145,578
<b>Net assets at beginning of year</b>	<u>593,155</u>	<u>622,644</u>	<u>1,215,799</u>
<b>Net assets at end of year</b>	<u>\$ 843,741</u>	<u>\$ 517,636</u>	<u>\$ 1,361,377</u>

**See Notes to Financial Statements.**

**NICHOLAS HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Compensation	\$ 534,743	\$ 175,018	\$ 166,776	\$ 876,537
Outside services	5,471	114,921	82,202	202,594
Occupancy	65,254	-	-	65,254
Travel	5,836	334	426	6,596
Insurance	23,254	26,628	-	49,882
Supplies	17,439	17,262	2,508	37,209
Telecommunications	5,948	7,661	335	13,944
Postage and printing	3,195	868	10,726	14,789
Client assistance	671,891	-	-	671,891
Depreciation	-	32,417	-	32,417
Contributed rent	80,000	-	-	80,000
Contributed materials and services	83,467	-	-	83,467
Other	25,658	27,658	9,433	62,749
Total functional expenses	<u>\$ 1,522,156</u>	<u>\$ 402,767</u>	<u>\$ 272,406</u>	<u>\$ 2,197,329</u>

**See Notes to Financial Statements.**

**NICHOLAS HOUSE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2022**

---

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Compensation	\$ 566,250	\$ 160,645	\$ 124,999	\$ 851,894
Outside services	48,780	82,293	58,421	189,494
Office	3,100	3,761	1,054	7,915
Occupancy	56,976	12,928	-	69,904
Travel	7,373	6,079	6	13,458
Insurance	39,884	11,517	-	51,401
Supplies	13,649	198	-	13,847
Telecommunications	16,649	5,318	240	22,207
Postage and printing	5,168	2,482	3,590	11,240
Client assistance	678,479	-	-	678,479
Depreciation	40,512	-	-	40,512
Contributed rent	60,000	8,000	12,000	80,000
Contributed materials and services	241,046	-	-	241,046
Other	5,016	45,213	3,657	53,886
Total functional expenses	<u>\$ 1,782,882</u>	<u>\$ 338,434</u>	<u>\$ 203,967</u>	<u>\$ 2,325,283</u>

**See Notes to Financial Statements.**

**NICHOLAS HOUSE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 54,033	\$ 145,578
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	32,417	40,512
Decrease (increase) in grants receivable	767,876	(301,811)
(Decrease) reserve - grants receivable	(38,000)	-
Decrease in promises to give	156,433	23,822
(Decrease) in reserve - promises to give	(112,255)	-
Decrease in other receivables	-	8,318
Decrease (increase) in prepaid expenses	11,073	(16,456)
Increase in accounts payable and accrued expenses	42,424	36,597
(Decrease) in escrow accounts	-	(4,725)
Increase in operating lease liability, net	163	-
(Decrease) in deferred revenue	-	(39,660)
<b>Net cash provided by (used in) operating activities</b>	<u>914,164</u>	<u>(107,825)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(46,592)	-
<b>Net cash (used in) investing activities</b>	<u>(46,592)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	-	385,903
Repayment on line of credit	(214,496)	(280,804)
<b>Net cash (used in) provided by financing activities</b>	<u>(214,496)</u>	<u>105,099</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>653,076</b>	<b>(2,726)</b>
<b>Cash and cash equivalents - beginning of year</b>	<u>70,536</u>	<u>73,262</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 723,612</u>	<u>\$ 70,536</u>
<b>Cash Reconciliation:</b>		
Cash and cash equivalents	\$ 653,076	\$ -
Cash restricted for long-term use	70,536	70,536
	<u>\$ 723,612</u>	<u>\$ 70,536</u>

**See Notes to Financial Statements.**

# NICHOLAS HOUSE, INC.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nicholas House, Inc., (the "Organization"), provides transitional housing for homeless families in Atlanta, Georgia. Families stay in one facility (Boulevard) operated by the Organization and in various apartments owned and managed by independent landlords. Residents are provided with meals, counseling, and other services designed to assist them in obtaining permanent housing, employment, and financial self-sufficiency. The Organization is supported primarily through donor contributions, federal and state grants, and United Way.

#### **Basis of Presentation**

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

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

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization accounts for uncertain tax positions in accordance with accounting standards that provide guidance on when uncertain tax positions are recognized in an entity's financial statements and how the values of these positions are determined. No liability has been recorded as of August 31, 2023 and 2022 due to uncertain tax positions.

#### Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Grants Receivable

Grants receivable represent amounts due from granting agencies for expenditures of federal, state, and local government awards, which have not yet been paid. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivables. The allowance for doubtful accounts at August 31, 2023 and 2022 is \$- and \$38,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received. At August 31, 2023 and 2022, no discount was considered necessary due to overall immateriality. The allowance for uncollectable promises to give is based on historical experience and review of subsequent collections. Promises to give are written off when deemed uncollectible. At August 31, 2023 and 2022, the allowance was \$71,389 and \$183,644, respectively.

#### Property and Equipment

Property and equipment are stated at cost, or if donated, at estimated fair value at the date of donation. Any donations of property and equipment are also recorded as support in the statement of activities at their estimated fair value. Depreciation is computed over the estimated useful lives (3-10 years) of the assets using the straight-line method.

Property and equipment acquired by the Organization is considered owned by the Organization. However, the State of Georgia funding sources may maintain equitable interest in the assets purchased with contract monies as well as the right to determine the use of any proceeds for the sale of these assets.

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong useful lives of assets are capitalized. The Organization capitalizes all expenses in excess of \$1,500 for property and equipment.

#### Public Support and Revenue Recognition

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Public Support and Revenue Recognition (Continued)

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications. Pledges to give payments in future years are recorded as support in the year the pledge is made. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are placed into service.

The Organization recognizes revenue from contracts in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the five-step approach. Revenues are recognized at a point in time.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures and other criteria.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Concentrations

During the year ended August 31, 2023, the Organization received approximately 19% of its revenue from the U.S. Department of Housing and Urban Development and related outstanding receivables were 32% of total grants receivables. During the year ended August 31, 2022, the Organization received approximately 20% of its revenue combined from the City of Atlanta and U.S. Department of Housing and Urban Development and related outstanding receivables were 92% of total grants receivables.

#### Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (“ASU 2016-02”), *Leases* (Topic 842), which supersedes the lease recognition requirements in Accounting Standards Codification Topic 840, *Leases*. Several updates to the ASU have subsequently been issued.

Effective September 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recent Accounting Pronouncements (Continued)

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets of \$16,646 and operating lease liabilities of \$16,646 as of September 1, 2022. Results for periods beginning prior to September 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations or cash flows.

#### Subsequent Events

Management has evaluated subsequent events through February 13, 2024, the date which the financial statements were available to be issued.

### NOTE 2. LIQUIDITY AND AVAILABILITY

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:

	<u>August 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 653,076	\$ -
Grants receivable	98,601	969,193
Promises to give, net	108,804	78,824
	<u>\$ 860,481</u>	<u>\$ 1,048,017</u>

The Organization has a goal to maintain financial assets to meet short-term normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash needs of the Organization are expected to be met through grant and contribution revenue.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 3. CONTINGENCY

The Organization depends heavily on grants and contributions to support ongoing operations. To the extent economic conditions negatively impact future contribution levels, the Organization's ability to continue at its current level of activity could be substantially impacted.

The City of Atlanta and its office of Grants and Community Development is operating under "special stipulations" by the U.S. Dept. of Housing and Urban Development (i.e., HUD) and has reorganized its grant reimbursement processes and requirements. Additionally, the City of Atlanta has experienced significant employee turnover and the Organization's executive director unexpectedly passed away in August 2021.

As a result, the reimbursement process for the City of Atlanta was delayed under most HUD funded contracts. As of August 31, 2023 and 2022, receivables include a total of \$219,545 and \$768,777, respectively, owed from the City of Atlanta under multiple HUD funded contracts. As of report date, substantially all funds related to these receivables have been paid to the Organization.

Contracts and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions related to revenue recognized. Although the return of funds is a possibility, management deems the contingency unlikely.

### NOTE 4. UNCONDITIONAL PROMISES TO GIVE

A summary of promises to give is as follows as of August 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 226,066	\$ 421,190
Receivable in one to five years	194,431	155,740
Total unconditional promises to give	420,497	576,930
Less: allowance for uncollectible promises	(71,389)	(183,644)
Net unconditional promises to give	<u>\$ 349,108</u>	<u>\$ 393,286</u>
<b>Recap:</b>		
Current receivable, net of allowance	\$ 154,677	\$ 273,356
Long-term receivable, net of allowance	194,431	119,930
Net unconditional promises to give	<u>\$ 349,108</u>	<u>\$ 393,286</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of August 31:

	2023	2022
Leasehold improvements	\$ 474,718	\$ 432,585
Vehicles	90,870	90,870
Furniture and equipment	198,347	193,888
	763,935	717,343
Less: accumulated depreciation	(668,678)	(636,261)
	\$ 95,257	\$ 81,082

### NOTE 6. LEASES

The Organization elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840. The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets as well as the practical expedient to use the risk-free rate when determining the present value of lease payments over the lease terms.

The adoption of FASB ASC 842, *Leases*, resulted in the following impact at September 1, 2022:

Noncurrent operating right-of-use assets	\$ 16,646
Total assets	\$ 16,646
Current lease liability	\$ 4,482
Noncurrent lease liability	12,164
Total liabilities	\$ 16,646

The Organization leases office space under an operating lease agreement through 2026. The Company's incremental borrowing rate of 2.75% was used as the discount rate in order to determine present value. The organization also leases public storage space which is on a month-to-month basis. During the years ended August 31, 2023 and 2022, the expense under these operating leases totaled \$5,036 and \$14,253, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LEASES (CONTINUED)

The following is a schedule by years of minimum future rentals on the operating leases and the amortization of the net present value (NPV) of the lease liability as of August 31, 2023:

Year Ending August 31:	Minimum annual lease payments	Amortization of NPV of lease liabilities
2024	\$ 4,872	\$ 4,607
2025	4,872	4,735
2026	2,842	2,822
	\$ 12,586	\$ 12,164

The carrying value of the related right-of-use assets as of August 31, 2023 are:

Accumulated basis	\$ 16,646
Less – accumulated amortization	(4,645)
	\$ 12,001

The Organization also pays for transitional living spaces on behalf of its clients. These transitional living spaces are contractually between the Organization’s client and the landlord. However, these are one-year lease agreements and are excluded from the schedule above.

### NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2023 and 2022, net assets with donor restrictions for specific purposes, included in cash and receivables, consisted of the following donor designated contributions:

	2023	2022
Time Restricted	\$ 240,304	\$ 318,481
Building Purchase	70,536	70,536
Capital Campaign	196,936	60,050
Women’s Economic Empowerment	75,000	57,101
Food and Medicine	-	10,000
Case Management	-	550
Endowment Fund	500	500
Other	918	418
	\$ 584,194	\$ 517,636

At August 31, 2023 and 2022, \$70,536 of these net assets were included in cash. Of the remaining amount, \$240,304 and \$314,462, respectively, were included in unconditional promises to give and \$273,354 and \$132,638, respectively, were included in grants receivable. Net assets with donor restrictions in perpetuity at August 31, 2023 and 2022, were \$500 and consist of endowment funds for which the income is without donor restriction.

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended August 31, 2023 and 2022 by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Time Restricted	\$ 146,212	\$ 245,284
Women's Economic Empowerment	57,101	92,799
Financial Assistance Program	-	25,000
Food And Medicine	10,000	-
Case Management	550	-
Capital Campaign	53,114	-
Youth Programs	-	10,000
	<u>\$ 266,977</u>	<u>\$ 373,083</u>

### NOTE 9. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended August 31:

	<u>2023</u>	<u>2022</u>
Household and other supplies	\$ 91,964	\$ 220,842
Food and meals	3,294	20,584
Facility usage	80,000	80,000
	<u>\$ 175,258</u>	<u>\$ 321,426</u>

Contributed nonfinancial assets and facility usage were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed household and other supplies and food and meals were used in program support. Contributed facility usage was used in program, management and general, and fundraising.

In valuing contributed household and other supplies and food and meals, the Organization estimated the fair value based on established value for comparable goods by national organizations. In valuing contributed facility usage, the Organization estimated fair value based on current rates for similar facilities.

## NOTES TO FINANCIAL STATEMENTS

---

### **NOTE 10. DEFINED CONTRIBUTION PLAN**

Staff members of the Organization who are full-time employees and have at least one year of service are allowed to participate in a contributory retirement plan sponsored by the Teacher's Insurance and Annuity Association College Retirement Equities Fund (TIAA/CREF). This plan provides no past service benefits or further liabilities beyond the contributions made for each employee. Each year the Organization contributes a 50% match of each participant's contribution up to six percent of the participant's annual wages. This plan was established as of July 1, 2002. For the years ended August 31, 2023 and 2022, the Organization made contributions to the plan totaling \$700 and \$677, respectively.

### **NOTE 11. DEBT**

The Organization had a \$500,000 line of credit with a bank. The line of credit was collateralized primarily by equipment and receivables and matured on August 27, 2023. Under the terms of the agreement, interest was payable monthly at the bank's prime rate with the principal payable in full at maturity. As of August 31, 2023 and 2022, the outstanding balance totaled \$- and \$214,496, respectively. The line of credit was paid off in April 2023 and was not subsequently renewed.

## **SINGLE AUDIT SECTION**

**NICHOLAS HOUSE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

---

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Continuum of Care Program (Pass-Through from City of Atlanta)	14.267	\$ 429,023
Home Investment Partnership Program (Pass-Through from United Way of Greater Atlanta)	14.239	274,887
Emergency Solutions Grant Program (Pass-Through from Georgia Department of Community Affairs)	14.231	144,079
Community Development Block Grant (Pass-Through from City of Atlanta)	14.218	66,233
<u>Federal Emergency Management Agency</u>		
Emergency Food & Shelter National Board Program	97.024	<u>21,000</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 935,222</u>

**See Notes to Schedule of Expenditures of Federal Awards.**

**NICHOLAS HOUSE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

---

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Nicholas House, Inc. under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3. INDIRECT COST RATE**

Nicholas House, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

---

**To the Board of Directors  
Nicholas House, 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 Nicholas House, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2024.

### **Report on Internal Control Over Financial Reporting**

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

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

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

---

## Report on Compliance and Other Matters

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

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 13, 2024

## **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  
Nicholas House, Inc.**

**Report on Compliance for Each Major Federal Program**

### ***Opinion on Each Major Federal Program***

We have audited Nicholas House, Inc. (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

---

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

---

## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 13, 2024

**NICHOLAS HOUSE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

**Financial Statements:**

Type of auditor's report issued:	<u>Unmodified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None Reported</u>
Noncompliance material to the financial statements noted?	_____	<u>X</u>

**Federal Awards:**

Internal controls over major programs:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None Reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)	<u>None</u>	

**Identification of major programs:**

14.267      U.S. Department of Housing and Urban Development – Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs	\$    750,000	
	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	_____	<u>X</u>
Financial Statement Findings?	_____	<u>X</u>
Federal Award Findings Questioned Costs?	_____	<u>X</u>

**NICHOLAS HOUSE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

---

**II. FINANCIAL STATEMENT FINDINGS:**

None Reported

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

None Reported

**NICHOLAS HOUSE, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023**

---

**II. FINANCIAL STATEMENT FINDINGS:**

N/A – Single Audit not performed for the year ended August 31, 2022.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:**

N/A – Single Audit not performed for the year ended August 31, 2022.