



**SHELTERCARE AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**For the Years Ended June 30, 2024 and 2023**



SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Years Ended June 30, 2024 and 2023

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## INTRODUCTORY SECTION

SHELTERCARE AND SUBSIDIARY  
BOARD OF DIRECTORS  
June 30, 2024

OFFICERS

Chair	Chris Page
Vice Chair	Sujata Sanghvi
Secretary	Melinda Grier
Past Chair	Dr. Tom Harburg

MEMBERS

Dr. David DeHaas  
Brad Smith  
Jess Hobbs  
Jesse Elconin  
Eric Van Houten  
Gerry Gaydos  
DeLeesa Meashintubby  
Sian Dim Lun  
Jillian Cogle

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
ShelterCare and Subsidiary  
Eugene, Oregon

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of ShelterCare (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ShelterCare and subsidiary as of June 30, 2024 and 2023, and the changes in their net assets and their 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 ShelterCare and subsidiary 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 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 ShelterCare and subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025, on our consideration of ShelterCare and subsidiary'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 ShelterCare and subsidiary'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 ShelterCare and subsidiary's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Jones & Roth P.C.".

Jones & Roth, P.C.  
Eugene, Oregon  
January 30, 2025

## CONSOLIDATED FINANCIAL STATEMENTS

SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 197,562	\$ 274,343
Receivables:		
Grants and contracts receivable	586,861	419,089
Program services receivable, net of provision for credit losses of \$10,189 for 2024 and \$7,906 for 2023	69,140	71,156
Related party receivables	232,926	246,472
Prepaid expenses and deposits	<u>169,841</u>	<u>163,373</u>
Total current assets	<u>1,256,330</u>	<u>1,174,433</u>
<b>Property and equipment, net</b>	<u>3,103,355</u>	<u>3,309,633</u>
<b>Other assets</b>		
Interest in net assets of ShelterCare Foundation	<u>951,639</u>	<u>899,144</u>
<b>Total assets</b>	<u>\$ 5,311,324</u>	<u>\$ 5,383,210</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 46,404	\$ 109,628
Payroll and related accruals	184,254	212,384
Line of credit	740,000	315,000
Current portion of long-term debt	67,807	65,413
Contract overpayment liability	473,574	473,574
Accrued vacation	132,093	131,754
Client deposits payable	<u>5,600</u>	<u>8,980</u>
Total current liabilities	<u>1,649,732</u>	<u>1,316,733</u>
<b>Long-term liabilities</b>		
Long-term debt, net of current portion	<u>993,889</u>	<u>1,061,027</u>
Total liabilities	<u>2,643,621</u>	<u>2,377,760</u>
<b>Net assets</b>		
Net assets without donor restrictions	2,212,193	2,635,702
Net assets with donor restrictions	<u>455,510</u>	<u>369,748</u>
Total net assets	<u>2,667,703</u>	<u>3,005,450</u>
<b>Total liabilities and net assets</b>	<u>\$ 5,311,324</u>	<u>\$ 5,383,210</u>

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

SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support</b>			
Federal assistance	\$ 1,130,842	\$ -	\$ 1,130,842
State and local assistance	3,512,992	-	3,512,992
Grants and contributions	505,794	500,000	1,005,794
In-kind contributions	15,636	-	15,636
Program service and contract revenue	1,498,458	-	1,498,458
Change in interest in net assets of ShelterCare Foundation	89,627	-	89,627
Interest income	906	-	906
Gain on sale of assets	10,200	-	10,200
Other income	100,614	-	100,614
Net assets released from restrictions	414,238	(414,238)	-
Total revenues, gains, and other support	7,279,307	85,762	7,365,069
<b>Expenses</b>			
Program services:			
Homeless services	4,838,004	-	4,838,004
Mental health services	595,941	-	595,941
Property management services	98,796	-	98,796
Total program services	5,532,741	-	5,532,741
Support services:			
General and administrative	1,828,117	-	1,828,117
Fundraising	341,958	-	341,958
Total support services	2,170,075	-	2,170,075
Total expenses	7,702,816	-	7,702,816
<b>Change in net assets</b>	(423,509)	85,762	(337,747)
Net assets, beginning of year	2,635,702	369,748	3,005,450
Net assets, end of year	\$ 2,212,193	\$ 455,510	\$ 2,667,703

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

SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, gains, and other support</b>			
Federal assistance	\$ 1,756,402	\$ -	\$ 1,756,402
State and local assistance	3,287,590	-	3,287,590
Grants and contributions	451,333	100,000	551,333
In-kind contributions	19,225	-	19,225
Program service and contract revenue	1,219,535	-	1,219,535
Change in interest in net assets of ShelterCare Foundation	48,654	-	48,654
Interest income	1,454	-	1,454
Gain on sale of assets	3,700	-	3,700
Other income	290,458	-	290,458
Net assets released from restrictions	<u>405,239</u>	<u>(405,239)</u>	<u>-</u>
Total revenues, gains, and other support	<u>7,483,590</u>	<u>(305,239)</u>	<u>7,178,351</u>
<b>Expenses</b>			
Program services:			
Homeless services	4,969,507	-	4,969,507
Mental health services	550,905	-	550,905
Property management services	<u>37,259</u>	<u>-</u>	<u>37,259</u>
Total program services	<u>5,557,671</u>	<u>-</u>	<u>5,557,671</u>
Support services:			
General and administrative	1,615,839	-	1,615,839
Fundraising	<u>289,486</u>	<u>-</u>	<u>289,486</u>
Total support services	<u>1,905,325</u>	<u>-</u>	<u>1,905,325</u>
Total expenses	<u>7,462,996</u>	<u>-</u>	<u>7,462,996</u>
<b>Change in net assets before discontinued operations</b>	20,594	(305,239)	(284,645)
<b>Discontinued operations</b>			
Net income from Commons at MLK Program	<u>58,108</u>	<u>-</u>	<u>58,108</u>
<b>Change in net assets after discontinued operations</b>	78,702	(305,239)	(226,537)
Net assets, beginning of year	<u>2,557,000</u>	<u>674,987</u>	<u>3,231,987</u>
Net assets, end of year	<u>\$ 2,635,702</u>	<u>\$ 369,748</u>	<u>\$ 3,005,450</u>

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

SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2024 and 2023

	2024	2023
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (337,747)	\$ (226,537)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	312,297	304,607
Gain on disposal of assets	(10,200)	(3,700)
Noncash change in interest in ShelterCare Foundation	(89,627)	(48,654)
Forgiveness of contract overpayment liability	-	(174,305)
(Increase) decrease in:		
Receivables	(152,210)	(9,508)
Prepaid expenses and deposits	(6,468)	26,072
Increase (decrease) in:		
Accounts payable	(63,249)	28,704
Payroll and related accruals	(28,105)	58,723
Accrued vacation	339	1,595
Client deposits payable	(3,380)	4,976
Net cash used by operating activities	(378,350)	(38,027)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(106,020)	(99,519)
Proceeds from sale of property and equipment	10,200	3,700
Proceeds from interest in ShelterCare Foundation	37,133	63,828
Net cash used by investing activities	(58,687)	(31,991)
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	4,245,000	1,900,000
Payments on line of credit	(3,820,000)	(2,225,000)
Principal payments on long-term debt	(64,744)	(62,651)
Net cash provided (used) by financing activities	360,256	(387,651)
<b>Net decrease in cash and cash equivalents</b>	(76,781)	(457,669)
Cash and cash equivalents, beginning of year	274,343	732,012
Cash and cash equivalents, end of year	\$ 197,562	\$ 274,343
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 98,559	\$ 95,642

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

**SHELTERCARE AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2024

	<b>Program Services</b>										
	<b>Homeless Services</b>					<b>Mental Health Services</b>		<b>Total Program Services</b>	<b>Support Services</b>		<b>Total Expenses</b>
	<b>Emergency Shelter, HPP and Transitional Services</b>					<b>Crisis Respite and Intensive Residential Care</b>			<b>General and Administrative</b>	<b>Fundraising</b>	
	<b>Family Housing Program</b>	<b>Housing Services for Families</b>	<b>ShelterCare Supported Housing</b>	<b>Transitional Shelter &amp; Case Management</b>	<b>Behavioral Health</b>	<b>Property Management Services</b>					
Salaries and wages	\$ 499,196	\$ 248,719	\$ 470,702	\$ 327,499	\$ 398,762	\$ 6,749	\$ 1,951,627	\$ 1,118,319	\$ 220,978	\$ 3,290,924	
Payroll taxes	40,823	20,636	39,465	27,544	31,176	631	160,275	95,298	15,607	271,180	
Health benefits	41,711	14,908	28,007	32,376	62,812	12,810	192,624	103,433	15,731	311,788	
Retirement plan expense	4,417	2,421	4,726	3,500	5,182	69	20,315	22,041	2,905	45,261	
Other fringe benefits	3,436	1,668	3,678	2,998	361	133	12,274	8,249	482	21,005	
Training	12	-	-	552	16,105	597	17,266	18,903	46	36,215	
Travel	5,028	7,983	13,223	24,397	4,049	96	54,776	-	2,295	57,071	
Client assistance	395,961	573,241	952,919	174,138	-	10,500	2,106,759	12,507	1,304	2,120,570	
Rent	11,174	826	-	-	-	-	12,000	2,028	-	14,028	
Utilities	55,744	2,645	2,637	16,943	2,770	574	81,313	21,121	3,262	105,696	
Telephone and cellular services	16,420	3,395	4,960	17,908	5,909	2,119	50,711	14,077	3,418	68,206	
Fundraising events	-	-	-	-	-	-	-	-	15,009	15,009	
Insurance	36,149	13,670	21,534	5,397	13,314	2,425	92,489	32,209	6,835	131,533	
Professional services	10,812	3,196	14,627	9,582	16,892	7,365	62,474	111,385	11,129	184,988	
Repairs and maintenance	186,482	2,876	167,450	31,201	3,895	48,549	440,453	21,464	4,587	466,504	
Supplies	23,102	3,721	10,199	-	7,424	2,658	47,104	56,352	7,615	111,071	
Miscellaneous	-	-	3,852	-	-	-	3,852	12,672	14,225	30,749	
Interest	-	-	5,029	4,054	5,587	1,157	15,827	76,153	6,579	98,559	
Recruiting	72	25	26	25	13	13	174	53	-	227	
Credit losses and bad debt	-	-	-	-	8,174	-	8,174	1,761	-	9,935	
Depreciation	103,388	14,224	37,110	31,665	13,516	2,351	202,254	100,092	9,951	312,297	
<b>Total functional expenses</b>	<b>\$ 1,433,927</b>	<b>\$ 914,154</b>	<b>\$ 1,780,144</b>	<b>\$ 709,779</b>	<b>\$ 595,941</b>	<b>\$ 98,796</b>	<b>\$ 5,532,741</b>	<b>\$ 1,828,117</b>	<b>\$ 341,958</b>	<b>\$ 7,702,816</b>	

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

SHELTERCARE AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2023

	<b>Program Services</b>									
	<u>Homeless Services</u>					<u>Mental Health Services</u>				
	Emergency Shelter, HPP and Transitional Services					Crisis Respite and Intensive				
	Family Housing Program	Housing Services for Families	ShelterCare Supported Housing	Transitional Shelter & Case Management	Residential Care Behavioral Health	Property Management Services	Total Program Services	<u>Support Services</u>		Total Expenses
							General and Administrative	Fundraising		
Salaries and wages	\$ 404,497	\$ 253,776	\$ 320,222	\$ 238,295	\$ 360,563	\$ 7,199	\$ 1,584,552	\$ 903,144	\$ 160,240	\$ 2,647,936
Payroll taxes	32,153	15,481	25,432	18,533	27,197	386	119,182	74,893	9,989	204,064
Health benefits	50,104	26,111	33,722	22,902	62,633	694	196,166	98,677	15,155	309,998
Retirement plan expense	4,362	2,935	3,738	3,001	5,396	81	19,513	19,282	1,672	40,467
Other fringe benefits	13,782	12,936	10,746	7,515	7,642	265	52,886	29,958	2,995	85,839
Training	96	-	640	400	1,952	60	3,148	29,235	37	32,420
Travel	2,897	3,861	12,075	15,522	2,857	287	37,499	1,964	2,802	42,265
Client assistance	361,955	1,092,467	955,523	162,830	-	12,329	2,585,104	2,291	5,558	2,592,953
Rent	8,757	3,241	970	-	-	-	12,968	2,001	-	14,969
Utilities	51,428	9,078	4,542	14,151	3,459	355	83,013	19,765	3,158	105,936
Telephone and cellular services	14,736	7,746	8,268	15,162	6,702	901	53,515	11,913	2,010	67,438
Fundraising events	-	-	-	-	-	-	-	-	21,151	21,151
Insurance	21,011	16,606	20,403	8,341	17,722	129	84,212	24,555	5,598	114,365
Professional services	13,432	2,773	11,610	2,286	23,122	6,255	59,478	120,495	6,007	185,980
Repairs and maintenance	182,660	17,018	150,821	30,269	2,324	182	383,274	24,482	1,691	409,447
Supplies	21,993	7,189	6,430	15,457	5,368	1,245	57,682	59,412	11,519	128,613
Miscellaneous	30	-	1	-	-	5,166	5,197	14,980	24,030	44,207
Interest	-	-	4,834	3,163	6,844	732	15,573	73,343	6,726	95,642
Recruiting	63	16	16	5,263	-	-	5,358	1,965	25	7,348
Bad debt expense	-	-	-	-	3,305	-	3,305	4,046	-	7,351
Depreciation	101,776	25,312	36,885	17,261	13,819	993	196,046	99,438	9,123	304,607
<b>Total functional expenses</b>	<b>\$ 1,285,732</b>	<b>\$ 1,496,546</b>	<b>\$ 1,606,878</b>	<b>\$ 580,351</b>	<b>\$ 550,905</b>	<b>\$ 37,259</b>	<b>\$ 5,557,671</b>	<b>\$ 1,615,839</b>	<b>\$ 289,486</b>	<b>\$ 7,462,996</b>

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

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**

**Nature of Organization**

ShelterCare, a nonprofit organization, was incorporated under the laws of the State of Oregon on December 2, 1970. ShelterCare provides services in Lane County, Oregon. The principal services include:

*Homeless Services:* Emergency Shelter, Rapid Rehousing, and Medical Respite. Services include emergency shelter and support for individuals needing assistance to acquire or maintain housing. Facilities include Short Term Housing (STH) and ShelterCare Medical Recuperation (SMR). Other programs operating from the STH location are two Rapid Rehousing programs: McKenzie Rapid Rehousing and Strengthening, Preserving and Reuniting Families (SPRF) Program.

*Permanent Supported Housing (PSH):* Housing and Supportive Services focused on maintaining stable housing long-term for individuals with a disability, including those with a serious mental illness diagnosis. The program also supports Homeless Prevention Services, providing financial support to help prevent the loss of housing. Programs include the Continuum of Care Permanent Supported Housing program, State Rental Assistance Program, and Homeless Prevention Program.

*Mental Health Services:* ShelterCare provides outpatient behavioral health services to community members in the Eugene and Springfield area. Our goal is to work cooperatively with clients on a plan of care to meet individual needs and to help support managing mental health concerns to improve overall quality of life. We provide services either in-person, via telehealth, or in the community. Services include mental health treatment, including assessment, treatment planning, therapy, skill building, case management, and care coordination.

*Property Management Services:* Services include providing property management services for supported housing programs in Eugene and Springfield, which includes three housing facilities for adults with acquired brain injuries and/or psychiatric disabilities.

**Principles of Consolidation**

In August 2013, ShelterCare established ShelterCare 499 Project, which is a wholly owned subsidiary. The primary purpose of ShelterCare 499 Project is to support ShelterCare by holding real estate used by ShelterCare in its program activities. The accompanying consolidated financial statements include the accounts of ShelterCare and ShelterCare 499 Project, collectively referred to hereafter as "ShelterCare." Inter-company transactions and balances have been eliminated in consolidation.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**, continued

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Recent Accounting Standard Adopted**

During the year ended June 30, 2024, ShelterCare adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and all related amendments (ASC 326), which replace the incurred loss methodology for recognizing credit losses with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of lifetime expected credit losses to be recognized for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts, and for the financial assets to be presented at the net amount expected to be collected on the statement of financial position. Financial assets held by ShelterCare that are subject to ASC 326 are program service accounts receivable and related party receivables (for services rendered) recognized in accordance with ASC 606. The impact of adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

**Subsequent Events**

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

**Income Tax Status**

ShelterCare and ShelterCare 499 Project are nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). ShelterCare and ShelterCare 499 Project file required information returns with both the U.S. federal jurisdiction and the State of Oregon. Federal income and state excise taxes are calculated for unrelated business income, if any, at current statutory rates.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, ShelterCare considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents included savings and checking accounts, money market funds, and petty cash.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**, continued

**Receivables**

Grants and contracts receivable is primarily comprised of amounts receivable from state and local governments and other agencies that provide assistance to ShelterCare for its programs. The revenue related to these receivables is considered contribution revenue. Management may provide for a provision for credit losses based on delinquency of accounts, historical collection experience and based on current economic conditions and reasonably supported forecasts, including subsequent collections. The receivables are unsecured.

Program services receivables are comprised of receivables from clients, the local coordinated care organizations, and state and local governmental units that receive services provided by ShelterCare. Management provides a provision for credit losses based on delinquency of accounts, contractual terms, historical collection experience, assessment of current economic conditions and reasonably supported forecasts, including subsequent collections. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the provision for credit losses and a credit to the applicable receivable account. The receivables are unsecured.

Related party receivables are comprised of amounts due from DH, Incorporated, Afiya Apartments, Inc., and River Kourt Apartments, which are affiliated due to some shared Board members. ShelterCare also serves as the management agent for the entities. The receivable balances are comprised of amounts due for services provided by ShelterCare and for advances made by ShelterCare to the entities. Management provides a provision for credit losses based on historical collection experience, assessment of current economic conditions and reasonably supported forecasts, including subsequent collections. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the provision for credit losses and a credit to the applicable receivable account. The receivables are unsecured.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose for a specific period of time. Property and equipment are depreciated using the straight-line method over the asset's estimated useful life. Major renewals and betterments are capitalized and included in property and equipment accounts if the cost exceeds \$2,500, while expenditures for maintenance, minor repairs, and replacements are charged directly to expense.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or asset group level for which the lowest level of independent cash flows can be identified. There were no impairments of long-lived assets recorded during the years ended June 30, 2024 and 2023.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**, continued

**Net Assets**

In accordance with U.S. GAAP, ShelterCare is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. Restricted donations for which the restriction is met during the same fiscal year are recorded as net assets without donor restrictions. Donor restrictions of long-lived assets or donations restricted to purchase long-lived assets are considered released from restriction when placed in service unless there are explicit donor stipulations for the use of the asset for a set amount of time. In such cases, restrictions are released over the lesser of the specified amount of time of the donor restriction or the estimated useful life of the asset. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Currently, ShelterCare has no net assets that are classified with perpetual donor restrictions.

**Revenues, Gains and Other Support**

Support for programs comes from federal, state, and local grants and contracts and donor contributions. The majority of the federal, state and local grants received are expense reimbursement based grants; therefore, the grant revenue is recognized when the related expenses are incurred by ShelterCare. Other grants and contributions are recognized when the contribution is promised or made. Contributions of donated non-cash assets are recorded at their estimated fair values when received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Donated non-cash assets are generally utilized in program activities, not monetized.

ShelterCare also earns fee-for-service revenue under various contractual arrangements. Program service revenue is comprised primarily of fee-for-service billing revenue for mental and behavior health services. Revenue is recognized at a point in time when the services are provided, which is considered satisfaction of the performance obligation. Amounts are billed pursuant to contract terms and payment is due at the time the services are billed. The fee-for-service contracts do not contain elements of variable consideration.

**Functional Allocation of Expenses**

ShelterCare allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that program or support service according to their natural expenditure classification. Other expenses that are common to several functions are allocated among the programs and support services benefited generally based on the actual time and effort allocations of direct labor costs.

**Advertising and Marketing Costs**

ShelterCare expenses advertising and marketing costs as incurred.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies**, continued

**Fair Value Measurements**

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability; in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which the organization has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As of June 30, 2024 and 2023, the fair value of ShelterCare's beneficial interest in the net assets of ShelterCare Foundation was \$951,639 and \$899,144, respectively. ShelterCare recognizes its interest in the net assets of ShelterCare Foundation at its estimated fair value using valuation techniques that rely on Level 3 inputs.

The valuation technique used by ShelterCare to value its interest in the net assets of ShelterCare Foundation is based on the value of the underlying assets held at Oregon Community Foundation (OCF) which represents ShelterCare Foundation's share of a pooled investment portfolio managed by OCF. ShelterCare Foundation's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including the use of Level 1, Level 2, and Level 3 inputs. Based on those values, OCF furnishes to ShelterCare Foundation an estimated value of ShelterCare Foundation's interest in the assets of OCF. Since the value provided by OCF includes significant reliance on Level 3 inputs, the fair value of ShelterCare's interest in the net assets of ShelterCare Foundation is categorized within the valuation hierarchy as an asset valued using Level 3 inputs. See Note 3 for reconciliation of changes in assets measured with Level 3 inputs.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies, continued**

**Leases**

ShelterCare assesses whether an arrangement qualifies as a lease at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the arrangement are changed.

ShelterCare has elected the short-term lease recognition exemption for all classes of underlying assets. Leases with an initial term of twelve months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. When the implicit rate is not readily determinable for ShelterCare's leases, management has elected to use the risk-free rate at the commencement date for all classes of underlying assets in determining the present value of lease payments. For agreements with lease and non-lease components, ShelterCare has elected not to separately account for lease and non-lease components. As of June 30, 2024 and 2023, ShelterCare had no material leases.

**2. Property and Equipment**

At June 30, property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 874,436	\$ 874,436
Buildings and improvements	5,165,936	5,074,560
Equipment and furnishings	272,022	257,402
Other property	<u>330,408</u>	<u>402,806</u>
	6,642,802	6,609,204
Accumulated depreciation	<u>(3,539,447)</u>	<u>(3,299,571)</u>
Property and equipment, net	<u>\$ 3,103,355</u>	<u>\$ 3,309,633</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$312,297 and \$304,607, respectively.

**3. Interest in Net Assets of ShelterCare Foundation**

During 2006, ShelterCare terminated its endowment fund with OCF and transferred all remaining assets to a newly formed exempt organization, ShelterCare Foundation. ShelterCare specified itself as the beneficiary of ShelterCare Foundation assets. Variance power has not been granted by ShelterCare to ShelterCare Foundation. The investment objectives are to invest the endowment funds in a manner that will maximize the benefit intended by the donors and the Board, produce current income to support the programs of ShelterCare, and protect the principal of the funds. ShelterCare Foundation established an endowment fund with OCF to manage its investment portfolio. ShelterCare reports as an asset its interest in the net assets of ShelterCare Foundation at fair value as an asset measured with Level 3 inputs. The interest in the net assets of ShelterCare Foundation is considered a Board-designated endowment and is reported with net assets without donor restriction.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**3. Interest in Net Assets of ShelterCare Foundation, continued**

Upon request, ShelterCare Foundation may make distributions to ShelterCare. The Board of Directors of ShelterCare shall submit a request for distribution. The request shall indicate the amount of the requested distribution, which will not exceed the annual payout amount to be provided to ShelterCare Foundation by OCF. The description must contain sufficient detail to enable the Board to determine to its satisfaction that the intended use of the distribution meets the criteria.

In the event ShelterCare Foundation's Board of Directors determines that the intended use of the distribution meets the criteria, then it shall approve ShelterCare's request for distribution and shall make the requested proceeds available to ShelterCare immediately upon the availability of such funds. In the event ShelterCare Foundation's Board of Directors determines that the intended use of the distribution fails to meet the criteria, then it may require additional information from ShelterCare to make a final determination on the matter.

For the years ended June 30, 2024 and 2023, the change in the fair value of ShelterCare's interest in the net assets of ShelterCare Foundation was as follows:

	2024	2023
Balance, beginning of year	\$ 899,144	\$ 914,318
Change in fair market value	90,099	49,618
Interest and dividend reinvested	7,304	5,866
Distributions to ShelterCare	(37,133)	(63,828)
Expenses	(7,775)	(6,830)
Balance, end of year	\$ 951,639	\$ 899,144

**4. Line of Credit**

ShelterCare has an agreement with Oregon Pacific Bank for a \$900,000 line of credit. The line of credit bears interest at a variable rate equal to the prime rate as published in the Wall Street Journal. The interest rate on the line of credit was 8.50 percent and 8.25 percent as of June 30, 2024 and 2023, respectively. The line of credit matures February 5, 2025. The line of credit is subject to affirmative covenants including financial reporting and financial ratio requirements.

Interest expense paid on the line of credit for the years ended June 30, 2024 and 2023, was \$58,408 and \$53,395, respectively.

The line of credit agreement includes certain affirmative and negative covenants. For the year ended June 30, 2024, ShelterCare was not meeting the required debt service coverage ratio requirement and did not meet the requirement to submit its audited financial statements within 210 days after year end; however, the Oregon Pacific Bank waived the compliance for these breached requirements for the fiscal year ended June 30, 2024.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**5. Long-Term Debt**

On February 3, 2022, ShelterCare entered into an agreement for a note payable to Oregon Pacific Bank. The terms of the loan call for monthly payments of \$8,741, including interest at 3.6 percent, for 120 months, then monthly payments of \$8,818, including interest at 3.95 percent, for 60 months. The loan is secured by investment in real estate. The note matures February 5, 2037. At June 30, 2024 and 2023, the note balance was \$1,061,696 and \$1,126,440 respectively. The note is subject to affirmative covenants including financial reporting and financial ratio requirements.

Total interest expense for the notes for the years ended June 30, 2024 and 2023, was \$40,151 and \$42,247.

The note agreement includes certain affirmative and negative covenants. For the year ended June 30, 2024, ShelterCare was not meeting the required debt service coverage ratio requirement and did not meet the requirement to submit its audited financial statements within 210 days after year end; however, the Oregon Pacific Bank waived the compliance for these breached requirements for the fiscal year ended June 30, 2024.

Future required principal payments for the outstanding note are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 67,807
2026	70,288
2027	72,861
2028	75,528
2029	78,292
Thereafter	<u>696,920</u>
Total	<u>\$ 1,061,696</u>

**6. Net Assets with Donor Restrictions**

At June 30, net assets with donor restrictions were available for the following purposes:

	<u>2024</u>	<u>2023</u>
Support restricted to the Behavioral Health Program	\$ -	\$ 23,655
Support restricted to ShelterCare Medical Recuperation	125,000	-
CDBG grant for SMR capital improvements	80,510	96,093
Support restricted for behavioral health, mental health and/or homelessness prevention programs	<u>250,000</u>	<u>250,000</u>
Total net assets with donor restrictions	<u>\$ 455,510</u>	<u>\$ 369,748</u>

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**7. Program Service Revenue and Receivables**

For the years ended June 30, program service revenue consisted of the following:

	<u>2024</u>	<u>2023</u>
Medicaid – Title XIX	\$ 347,290	\$ 431,043
Homeless medical respite	713,332	441,168
Rent, maintenance, and other fees	<u>437,836</u>	<u>347,324</u>
Total program service and contract revenue	<u>\$ 1,498,458</u>	<u>\$ 1,219,535</u>

The balance for program services receivable, net of the provision for credit losses at July 1, 2023 and July 1, 2022 was \$71,156 and \$51,554, respectively. There were no contract assets or contract liabilities.

**8. Donated Goods and Services**

ShelterCare's in-kind contributions consisted of donated goods to be used within the organization or held for future use. The value of these was \$15,636 and \$19,225 for the years ended June 30, 2024 and 2023, respectively.

ShelterCare also receives a substantial amount of services donated by volunteers for board membership and development work. No amounts have been reflected in the consolidated financial statements for these services since they do not meet the criteria for recognition. The estimated value of these services was \$32,968 and \$15,538 for the years ended June 30, 2024 and 2023, respectively.

**9. Related Party Transactions**

ShelterCare provides administrative, management, and maintenance services to DH, Incorporated, Afiya Apartments, Inc., and River Kourt Apartments, which are affiliated due to some shared Board members. ShelterCare also became the management agent for the three entities effective May 1, 2023. Additionally, ShelterCare has been authorized by the Board of Directors of the organizations to provide oversight for the properties and the management agent.

For the years ended June 30, 2024 and 2023, ShelterCare recognized revenue for services provided to DH, Incorporated of \$51,145 and \$50,470, respectively. Additionally, during the years ended June 30, 2024 and 2023, ShelterCare made advances to DH, Incorporated to cover operating costs due to the entity experiencing cash flow delays. No interest is charged on the operating advances. At June 30, 2024 and 2023, the total amount receivable from DH, Incorporated was comprised of the following:

	<u>2024</u>	<u>2023</u>
Services and reimbursements	\$ 37,680	\$ 50,470
Operating advances	<u>30,478</u>	<u>55,000</u>
Total receivable due from DH, Incorporated	<u>\$ 68,158</u>	<u>\$ 105,470</u>

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**9. Related Party Transactions, continued**

For the years ended June 30, 2024 and 2023, ShelterCare recognized revenue for services provided to Afiya Apartments, Inc. of \$47,733 and \$40,030, respectively. Additionally, during the year ended June 30, 2024, ShelterCare made advances to Afiya Apartments, Inc. to cover operating costs due to the entity experiencing cash flow delays. No interest is charged on the operating advances. At June 30, 2024 and 2023, the total amount receivable from Afiya Apartments, Inc. was comprised of the following:

	2024	2023
Services and reimbursements	\$ 25,130	\$ 40,030
Operating advances	46,000	-
Total receivable due from Afiya Apartments, Inc.	\$ 71,130	\$ 40,030

For the years ended June 30, 2024 and 2023, ShelterCare recognized revenue for services provided to River Kourt Apartments of \$42,108 and \$63,064, respectively. Additionally, during the years ended June 30, 2024 and 2023, ShelterCare made advances to River Kourt Apartments to cover operating costs due to the entity experiencing cash flow delays. No interest is charged on the operating advances. At June 30, 2024 and 2023, the total amount receivable from River Kourt Apartments was comprised of the following:

	2024	2023
Services and reimbursements	\$ 60,730	\$ 63,064
Operating advances	32,908	37,908
Total receivable due from River Kourt Apartments	\$ 93,638	\$ 100,972

**10. Concentrations**

*Deposit and custodial risk* - ShelterCare and ShelterCare 499 Project maintain bank accounts at one financial institution. The accounts are insured up to certain limits by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC insurance limits were \$64,007 and \$73,471 at June 30, 2024 and 2023, respectively. Management believes ShelterCare is not exposed to any significant credit risk related to cash and cash equivalents.

*Governmental revenue and support* - A substantial portion of revenue and support is provided by federal, state, and local governmental entities. Changes in governmental priorities for funding social services needs could affect future ShelterCare funding.

*Receivables* - At June 30, 2024 and 2023, approximately 93 percent and 84 percent of ShelterCare's grants and contracts receivable were due from three grantors and one grantor, respectively. The balance of program service receivables was comprised almost entirely of receivables from two agencies at June 30, 2024 and 2023.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**11. Retirement Plan**

ShelterCare adopted a Simplified Employee Pension/IRA plan on April 1, 1999, which covers all employees who have been employed by ShelterCare a minimum of two years and were employed at least three of the preceding five years. Contributions to the plan were \$45,261 and \$42,425 for the years ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, \$10,597 and \$11,480, respectively, was payable. Contributions to the retirement plan are discretionary, and the amount of future contributions will be determined annually by the Board of Directors.

**12. Healthcare Reimbursement Arrangement**

Effective December 1, 2007, ShelterCare established a health reimbursement arrangement plan (HRA) to provide eligible employees with certain tax-free medical reimbursement benefits. The employer-funded HRA is funded through the operational budget of ShelterCare and therefore may be fully funded, unfunded, modified, or terminated on an annual basis as determined by ShelterCare. Eligible employees have an account balance which is funded by employer contributions. The account balance decreases for benefit payments and administrative fees. Forfeited account balances can be used to provide HRA benefits to eligible new participants. During the years ended June 30, 2024 and 2023, ShelterCare did not make a contribution to the HRA.

**13. Contingent Liabilities**

The City of Eugene has stipulated that programs using CDBG funding for improvements of real property shall use the real property primarily for the project objective for a period of 10 years after the date of project completion. If the real property is used for another objective prior to the fifth anniversary of the project completion date, ShelterCare is required to pay the City of Eugene an amount equal to the current fair market value of the improvements to the real property. After the fifth anniversary of the project completion date, ShelterCare would be required to pay the City of Eugene an amount equal to one fifth of the amount of the grant for every calendar year remaining in the period of benefit. As of June 30, 2024 and 2023, \$80,510 and \$96,093, respectively, in improvements at ShelterCare Medical Recuperation Program facility provided by the City of Eugene have been included as net assets with donor restrictions.

ShelterCare is the guarantor for an interest-free loan of \$75,000 for 30 years provided by the State of Oregon on December 18, 2008, used to develop Main Street HUD 811 Project - Afiya Apartments, Inc. As the guarantor, ShelterCare is contingently liable for the loan. ShelterCare is not required to repay the indebtedness unless Afiya Apartments, Inc. defaults on the loan, the Afiya Apartments are sold, or there is a change in use. Because the likelihood of a near-term repayment is remote, the amount has not been recognized as a liability in ShelterCare's consolidated financial statements.

SHELTERCARE AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**14. Liquidity and Availability of Resources**

ShelterCare has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, ShelterCare's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2024	2023
Cash and cash equivalents	\$ 197,562	\$ 274,343
Receivables, net	888,927	736,717
	1,086,489	1,011,060
Less amounts with donor restrictions	(375,000)	(273,655)
Financial assets available for general expenditure	\$ 711,489	\$ 737,405

As noted in Note 4, ShelterCare has access to a line of credit that could be drawn on in the event additional liquid financial assets were needed for operations.

**15. Contract Overpayment Liability**

ShelterCare's contracts with Oregon Department of Human Services (DHS) are subject to a bi-annual settlement process completed by Oregon DHS. In a prior year, ShelterCare was informed by Oregon DHS that ShelterCare owed \$468,637 to Oregon DHS due to contract overpayments based on the preliminary settlement calculation performed by Oregon DHS for the biennium period from July 1, 2015 to June 30, 2017. Upon discussion with Oregon DHS, ShelterCare determined there were likely additional overpayments for the years ended June 30, 2018 and June 30, 2019 and an additional contract overpayment liability was also accrued for that biennium. During the year ended June 30, 2023, Oregon DHS forgave a portion (\$174,305) of the amount that was due for the contract overpayment. The amount forgiven is reported as other income. The settlement and negotiation process for the final amount that will be paid back to Oregon DHS has not been finalized.

**16. Discontinued Operations**

ShelterCare had a contract with Lane County to provide services for The Commons at MLK program. The contract expired December 31, 2022 and was not renewed by ShelterCare. As the Commons at MLK program is no longer part of ShelterCare's operations, the change in net assets from the operations for The Commons at MLK program for the fiscal year ended June 30, 2023 are presented separately on the consolidated statements of activities. The prior year financial statements were reclassified to conform to the required presentation for the discontinued operations.

**17. Reclassification**

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously stated net assets or change in net assets.

SINGLE AUDIT INFORMATION

SHELTERCARE AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass- Through Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Direct Award:			
Passed-through Lane County, Oregon:			
Continuum of Care Program:	14.267		
Shankle Program		55931	\$ 161,818
McKenzie Rapid Rehousing		58017	443,333
Camas Permanent Housing		58034	202,245
Sahalie Permanent Housing		58021	231,405
Total passed-through Lane County, Oregon			1,038,801
Passed-through Homes For Good:			
Continuum of Care Program:	14.267		
Madrone			80,379
Total Continuum of Care Program			1,119,180
Total U.S. Department of Housing and Urban Development			1,119,180
<b>U.S. Department of the Treasury</b>			
Passed-through Lane County, Oregon:			
COVID-19 Emergency Rental Assistance Emergency Rental Assistance Program	21.023	55558	1,037
<b>U.S. Department of Homeland Security</b>			
Passed-through Lane County, Oregon:			
Emergency Food and Shelter National Board Program	97.024		10,625
Total federal award expenditures			\$ 1,130,842

SHELTERCARE AND SUBSIDIARY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of ShelterCare under programs of the federal government for the year ended June 30, 2024. 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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. The Schedule is not intended to and does not present the financial position, changes in net assets, or cash flows of ShelterCare.

**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.

ShelterCare has elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ShelterCare does not have any subrecipients.

**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  
ShelterCare and Subsidiary  
Eugene, Oregon

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 ShelterCare and subsidiary (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 30, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered ShelterCare and subsidiary'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 ShelterCare and subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of ShelterCare and subsidiary's internal control.

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

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

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ShelterCare and subsidiary'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 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 ShelterCare and subsidiary's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jones & Roth, P.C.  
Eugene, Oregon  
January 30, 2025

**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  
ShelterCare  
Eugene, Oregon

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

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

We have audited ShelterCare'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 ShelterCare's major federal programs for the year ended June 30, 2024. ShelterCare's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ShelterCare complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

We are required to be independent of ShelterCare 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 ShelterCare'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 ShelterCare'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 ShelterCare'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 ShelterCare'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 ShelterCare'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 ShelterCare'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 ShelterCare's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

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

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

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

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

A handwritten signature in cursive script that reads "Jones & Roth P.C.".

Jones & Roth, P.C.  
Eugene, Oregon  
January 30, 2025



SHELTERCARE AND SUBSIDIARY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2024

**Prior Year Findings - Consolidated Financial Statements Audit**

None.

**Prior Year Findings and Questioned Costs - Major Federal Award Programs Audit**

None.