

**INTERFAITH HOSPITALITY NETWORK  
OF COLORADO SPRINGS**

dba Family Promise of Colorado Springs  
(A Colorado non-profit organization)

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Years Ended September 30, 2021 and 2020

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
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SEPTEMBER 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Interfaith Hospitality Network of Colorado Springs

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Interfaith Hospitality Network of Colorado Springs (a Colorado nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Interfaith Hospitality Network of Colorado Springs as of September 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *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 the Interfaith Hospitality Network of Colorado Springs'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 the Interfaith Hospitality Network of Colorado Springs'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 the Interfaith Hospitality Network of Colorado Springs'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.

### ***Report on Summarized Comparative Information***

We have previously audited Interfaith Hospitality Network of Colorado Springs's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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 December 23, 2022 on our consideration of the Interfaith Hospitality Network of Colorado Springs'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 the Interfaith Hospitality Network of Colorado Springs's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Interfaith Hospitality Network of Colorado Springs's internal control over financial reporting and compliance.

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
December 23, 2022

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 310,076	\$ 215,921
Receivables	-	8,575
Grants receivable	196,382	238,603
Prepaid expenses	-	2,155
Deposits on homes for sale	-	1,519
Homes available for sale	18,664	122,154
Total current assets	525,122	588,927
<b>Property and equipment</b>		
Office equipment	16,659	16,659
Vehicles	21,712	21,428
Less: accumulated depreciation & amortization	(33,938)	(33,855)
Total property and equipment	4,433	4,232
<b>TOTAL ASSETS</b>	<b>\$ 529,555</b>	<b>\$ 593,159</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 32,579	\$ 65,841
Accrued expenses	59,779	18,933
Notes payable	73,000	35,000
Deferred Revenue	15,000	-
Total current liabilities	180,358	119,774
<b>Noncurrent liabilities</b>		
Notes payable	-	73,000
Total liabilities	180,358	192,774
<b>Net assets</b>		
Without donor restrictions	329,497	397,889
With donor restrictions	19,700	2,496
	349,197	400,385
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 529,555</b>	<b>\$ 593,159</b>

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

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2021</b>	<b>2020</b>
<b>Support and revenue</b>				
Contributions	\$ 208,359	\$ 40,400	\$ 248,759	\$ 344,908
Grants	1,034,640	45,000	1,079,640	666,603
Special events	59,671	-	59,671	106,845
In-kind donations	56,382	-	56,382	109,130
Program service fees	5,929	-	5,929	26,367
Home sales, net	7,111	-	7,111	-
Gain (loss) on disposal of fixed assets	(1,964)	-	(1,964)	(2,057)
Other	3,837	-	3,837	110
Forgiveness of debt	18,000	-	18,000	-
Net assets released from restrictions	68,196	(68,196)	-	-
<b>Total support and revenue</b>	<b>1,460,161</b>	<b>17,204</b>	<b>1,477,365</b>	<b>1,251,906</b>
<b>Expenses</b>				
Program services	1,397,454	-	1,397,454	1,001,407
Management and general	99,685	-	99,685	58,008
Fundraising	9,070	-	9,070	28,092
<b>Total expenses</b>	<b>1,506,209</b>	<b>-</b>	<b>1,506,209</b>	<b>1,087,507</b>
<b>Change in net assets</b>	<b>(46,048)</b>	<b>17,204</b>	<b>(28,844)</b>	<b>164,399</b>
<b>Beginning net assets, as originally stated</b>	<b>397,889</b>	<b>2,496</b>	<b>400,385</b>	<b>235,986</b>
<b>Prior period adjustment</b>	<b>(22,344)</b>	<b>-</b>	<b>(22,344)</b>	<b>-</b>
<b>Beginning net assets, restated</b>	<b>375,545</b>	<b>2,496</b>	<b>378,041</b>	<b>235,986</b>
<b>Ending net assets</b>	<b>\$ 329,497</b>	<b>\$ 19,700</b>	<b>\$ 349,197</b>	<b>\$ 400,385</b>

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

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**With comparative totals for 2020**

	Program Services	Supporting Services		Total	
		Management and General	Fund Raising	2021	2020
Salaries and wages	\$ 625,530	\$ 16,976	\$ -	\$ 642,506	\$ 419,254
Payroll taxes	51,490	1,717	-	53,207	32,048
Employee benefits	(169)	18,634	-	18,465	49,867
Contract labor	4,800	9,297	-	14,097	13,406
Advertising & publications	11	-	-	11	280
Depreciation & amortization	1,194	-	-	1,194	1,209
Conferences and meetings	447	1,236	-	1,683	5,015
Dues & subscriptions	7,291	7,342	1,325	15,958	12,829
Functions & events	-	-	7,682	7,682	22,536
Guest services	531,177	2,871	-	534,048	342,186
Shelter and meals	52,543	-	-	52,543	108,860
Insurance	6,306	11,970	-	18,276	17,354
Interest expense	-	3,350	-	3,350	-
Mileage & auto expenses	3,193	69	-	3,262	5,519
Occupancy	22,900	18	-	22,918	21,340
Other	83,255	6,458	-	89,713	14,688
Postage	4	110	-	114	221
Professional services	32	13,343	-	13,375	10,190
Supplies	3,167	2,454	63	5,684	6,079
Telephone/Internet	4,283	3,840	-	8,123	4,626
Total September 30, 2021	<u>\$ 1,397,454</u>	<u>\$ 99,685</u>	<u>\$ 9,070</u>	<u>\$ 1,506,209</u>	
Percent of total - 2021	92.8%	6.6%	0.6%		
Total September 30, 2020	<u>\$ 1,001,407</u>	<u>\$ 58,008</u>	<u>\$ 28,092</u>		<u>\$ 1,087,507</u>
Percent of total - 2020	92.1%	5.3%	2.6%		

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

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (28,844)	\$ 164,399
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,194	1,209
Loss on asset disposal	1,964	-
Purchase of homes for sale	-	(300)
Proceeds on home sales	112,000	3,600
Donated property and equipment	(16,213)	(4,080)
Forgiveness of debt	(18,000)	-
Decrease (increase) in assets:		
Receivables	8,575	(2,963)
Grants receivable	42,221	(210,853)
Prepaid expenses	2,155	2,200
Other assets	1,519	33,953
Increase (decrease) in liabilities:		
Accounts payable	(33,262)	54,977
Accrued expenses	40,846	5,202
Annuity payable	-	(33,953)
Deferred revenue	15,000	-
Notes payable	(35,000)	-
Net cash provided (used) by operating activities	94,155	13,391
<b>Change in cash</b>	94,155	13,391
<b>Beginning cash</b>	215,921	202,530
<b>Ending cash</b>	\$ 310,076	\$ 215,921
Supplemental disclosures		
In-kind donations	\$ 56,322	\$ 109,130

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

## **NOTES TO FINANCIAL STATEMENTS**

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Purpose*

Interfaith Hospitality Network of Colorado Springs dba Family Promise of Colorado Springs (the Organization) is a Colorado non-profit corporation organized in 1996 to provide short-term transitional shelter for families with children experiencing homelessness in Colorado Springs, Colorado; to best meet the community's need, in 2015 services were expanded to include short-term transitional housing for families requiring longer term support to find self-sufficiency, and in 2017 services were further expanded in response to a lack of affordable housing, to provide home ownership opportunity to qualifying families successfully meeting goals in shelter and transitional housing services. In 2018 services expanded to include homeless prevention and shelter diversion, utilizing flexible financial assistance, mediation services, and short-term case management prevents families from experiencing the trauma associated with homelessness.

*Organization*

The Organization provides comprehensive solutions for families with children experiencing housing instability. This is accomplished through preventing homelessness and actively diverting families to safe options outside of the shelter system while working with the family to stabilize their housing situation. For families who are in need of shelter services, the Organization provides families with shelter and meals utilizing the in-kind donations and volunteerism of community faith-based organizations. The Organization also provides comprehensive wrap-around services post shelter, including short-term transitional housing, and home ownership opportunity for qualifying families. All services include individualized case management services to assist families in obtaining permanent housing, employment, and self-sufficiency long-term. The Organization is primarily supported by grants, contributions, and in-kind contributions of private sources.

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles as they apply to not-for-profit organizations, and accordingly reflect all significant receivables, payables, and other liabilities.

*Income Tax Status*

The Organization is a non-profit corporation determined to be tax exempt under Internal Revenue Code Section 501 (c)(3). As a result of this determination, the Organization may accept tax deductible charitable contributions and is exempt from income tax on income resulting from activities carried on to further its exempt purpose, as well as certain other specific types of income.

*Estimates*

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

*Subsequent events*

Management has evaluated subsequent events through December 23, 2022, the date the financial statements were available to be issued.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial Instruments*

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, and are stated at carrying cost at year-end, which approximates fair value.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and cash on deposit.

*Receivables*

Management has determined that receivables are fully collectible; therefore, no allowance for uncollectible accounts receivable is considered necessary.

*Grants receivable*

Grants receivable are recorded for grants where qualified expenses have been incurred in the current period and will be reimbursed by grant receipts in the following year. Grant revenues and expenses are matched and revenues recognized in the period for which they are intended to benefit.

*Homes available for sale*

Revenue is recognized from the sale of homes when title passes to eligible purchasers. Cost of homes sold consists of the cost to obtain each home, capitalized improvements and interest, and certain other costs associated with the sale of a home. Net revenue from the sale of homes is considered program revenue. Maintenance and overhead costs associated with homes available for sale are considered program expenses in the statements of function activities.

*Property and equipment*

Property and equipment is stated at cost or fair value at date of donation. Acquisitions of property and equipment in excess of \$500 are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenditures currently. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vehicles	5 years
Furniture and equipment	5 years

Depreciation expense for the years ended September 30, 2021 and 2020 was \$1,194 and \$1,209, respectively.

*Net Assets*

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

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Net Assets (Continued)*

*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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

*Contributions*

Contributions received are recorded as support increasing either net assets without donor restrictions or net assets with donor restrictions depending on the existence of any donor restrictions. Time and purpose restricted contributions are reported as donor-restricted support and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or fulfillment of the purpose restriction.

*Contributed services*

Numerous volunteers have donated significant amounts of time carrying out the Organization's mission. Although no amounts have been reflected in the financial statements since they do not meet the criteria for recognition, management estimates volunteer time to total over 18,000 hours.

*Functional expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Reclassifications*

Certain reclassifications have been made to the prior year financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

*Comparative Financial Information*

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with Interfaith Hospitality Network of Colorado Springs's reviewed financial statements for the year ended September 30, 2020, from which the summarized information was derived.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following reflects the Organization’s financial assets as of September 30, 2021, reduced by amounts not available to meet general expenditures within one year of the statement of financial position date because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end:		
Cash and restricted cash	\$	310,076
Accounts receivable		196,382
		506,458
Less amounts not available to meet general expenditures within one year:		
Net assets with donor restrictions		19,700
Less net assets with restrictions to be met in less than one year:		
Purpose restrictions		(19,700)
		-
Financial assets available to meet general expenditures		
Over the next twelve months	\$	506,458

**NOTE 3 – IN-KIND DONATIONS**

The Organization received bed nights and meals from various churches which help fulfill the Organization’s mission of helping homeless families work towards self-sufficiency. The organization was able to serve 54 individuals and 19 families with 3,129 bed nights and 9,387 meals through these in-kind donations. The organization estimates the cost of each meal to be \$6. Due COVID-19 the organization did not have any donated bed nights. For the years ended September 30, 2021 and 2020, \$56,322 and \$108,860, respectively, was recognized as revenues and expenses in the accompanying financial statements as the fair value of these in-kind donations.

**NOTE 4 – NOTES PAYABLE**

On October 31, 2018, the Organization entered into loans totaling \$73,000 at an interest rate of 3.0%, secured by manufactured homes. Principal and accrued interest are due upon the sale or transfer of the secured property or on the October 30, 2021 maturity dates of the note.

Future minimum payments are as follows for the years ending September 30:

2022	\$ <u>73,000</u>
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No cash was paid for interest expense on loans during the years ended September 30, 2021 and 2020.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020**

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at September 30:

	2021	2020
Hotel Vouchers	\$ -	\$ 2,496
Homeless Prevention	15,000	-
Emergency Shelter	4,700	-
 Total temporarily restricted net assets	 \$ 19,700	 \$ 2,496

**NOTE 6 – RESTATEMENT OF NET ASSETS**

The Organization did not record accrued salaries for the year ended September 30, 2020. Net assets as of September 30, 2020 were restated to \$375,545 as a result of this error, a reduction of \$22,344.

## **COMPLIANCE SECTION**

# **SINGLE AUDIT**

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Additional Award Identification</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>					
Passed Through the City of Colorado Springs					
<i>CDBG - Entitlement Grants-Cluster</i>					
Community Development Block Grants/Entitlement Grants	14.218		C009992	\$ -	\$ 23,680
Community Development Block Grants/Entitlement Grants	14.218	COVID-19	C010051		69,038
<i>Total CDBG - Entitlement Grants-Cluster</i>					<u>92,718</u>
Emergency Solutions Grants Program	14.231		C010010		50,000
Emergency Solutions Grants Program	14.231	COVID-19	C010370		250,000
Passed Through Colorado Department of Local Affairs					
Emergency Solutions Grants Program	14.231	COVID-19	HIESG91467		220,212
Passed Through Community Health Partnership					
Emergency Solutions Grants Program	14.231	COVID-19	Unknown		95,052
<b>Total U.S. Department of Housing and Urban Development</b>					<u>707,982</u>
<b>U.S. Department of Treasury</b>					
Passed Through El Paso County					
Coronavirus Relief Fund	21.019	COVID-19	IAG-2020-09, CDPHE		145,210
<b>Total Federal Awards</b>				<u>\$ -</u>	<u>\$ 853,192</u>

See the accompanying independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Interfaith Hospitality Network of Colorado Springs under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Interfaith Hospitality Network of Colorado Springs, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Interfaith Hospitality Network of Colorado Springs.

**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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 – INDIRECT COST RATE**

Interfaith Hospitality Network of Colorado Springs has elected not to use the 10 percent 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  
Interfaith Hospitality Network of Colorado Springs

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 financial position, statement of activities, statement of functional expenses, and statement of cash flows of Interfaith Hospitality Network of Colorado Springs, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Interfaith Hospitality Network of Colorado Springs’s basic financial statements and have issued our report thereon dated December 23, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Interfaith Hospitality Network of Colorado Springs’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Hospitality Network of Colorado Springs’s internal control. Accordingly, we do not express an opinion on the effectiveness of Interfaith Hospitality Network of Colorado Springs’s internal control.

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

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, and 2021-007 to be material weaknesses.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-008 to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Interfaith Hospitality Network of Colorado Springs'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*.

## **Interfaith Hospitality Network of Colorado Springs's Response to Findings**

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

## **Purpose of This Report**

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

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
December 23, 2022



**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  
Interfaith Hospitality Network of Colorado Springs

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

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

We have audited Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs's major federal programs for the year ended September 30, 2021. Interfaith Hospitality Network of Colorado Springs'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, Interfaith Hospitality Network of Colorado Springs complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

***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 Interfaith Hospitality Network of Colorado Springs 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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs'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 Interfaith Hospitality Network of Colorado Springs's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-009, 2021-10, and 2021-11. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Interfaith Hospitality Network of Colorado Springs's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Interfaith Hospitality Network of Colorado Springs's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We did not identify any deficiencies in compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-009, 2021-010, and 2021-011 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Interfaith Hospitality Network of Colorado Springs's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Interfaith Hospitality Network of Colorado Springs's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
December 23, 2022

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section I—Summary of Auditors’ Results

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  x  yes   no
- Significant deficiency(ies) identified?  x  yes   none reported

Noncompliance material to financial statements noted?   yes  x  no

*Federal Awards*

Internal control over major programs?

- Material weakness(es) identified?   yes  x  no
- Significant deficiency(ies) identified?  x  yes   none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ALN 14.231	Emergency Solutions Grants Program
Dollar threshold used to distinguish between type A and type B programs?	\$750,000
Auditee qualified as low-risk auditee?	<u> </u> yes <u> x </u> no

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section II—Financial Statement Findings

2021-001 Cash Disbursements

*Criteria:* Cash disbursements should be processed in an accurate timely manner and recorded when disbursements are issued.

*Condition:* Certain procedures involving the recording, reconciliation and review of cash disbursements were lacking during the year.

*Context:* This finding was noted during procedures to understand and test control procedures as well as through substantive procedures.

*Effect:* Risk of misstatement due to error or fraud.

*Cause:* Communication gaps between management and the contracted accountant.

*Recommendation:* We recommend management develop process and procedures to ensure that all cash disbursements are accurately recorded, reviewed, and authorized in a timely manner.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around cash disbursements.

2021-002 Recording Home Sales

*Criteria:* The sale of home inventory should be recorded accurately and in a timely manner.

*Condition:* The sale of home inventory was recorded at the net of gross sales and cost of goods sold or not recorded at all.

*Context:* This condition was noted through audit procedures performed to test inventory balances at year end.

*Effect:* Home inventory, sales, and cost of goods sold were materially adjusted at year end.

*Cause:* Lack of procedures requiring the home inventories to be reconciled against sales throughout the year.

*Recommendation:* We recommend that management develop process and procedures to record home inventory sales as they occur and to associate the correct cost of goods sold with the sale. We also recommend that management develop a process to reconcile inventory regularly.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls over inventory.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-003 Closing Procedures

*Criteria:* When closing the accounting period cutoff over certain transaction classes must be carefully reviewed in order to ensure accurate reporting.

*Condition:* The client did not accurately record multiple asset and liability accounts leading to material corrections.

*Context:* This condition was noted through audit procedures performed to substantiate current year end balances.

*Effect:* Material corrections were needed to correct year end balances related to multiple asset and liability accounts.

*Cause:* Lack of procedures to record various asset and liability accounts in the correct accounting period such as accounts payable.

*Recommendation:* We recommend that management implement procedures to ensure that cutoff is taken into consideration for all material accounts.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around cutoff.

2021-004 Long-Term Debt

*Criteria:* Ensuring that long term notes are paid according to debt agreements and that payoffs of such notes are recorded accurately is critical to accurately report long-term debt.

*Condition:* The Client did not pay back loans according to the loan agreements and did not record the payoff of a material amount of loans.

*Context:* This condition was noted through audit procedures performed to substantiate current year end long-term debt balances.

*Effect:* Material corrections were needed to correct year end balances related to long-term debt as well as expense accounts.

*Cause:* Lack of procedures to accurately record debt payments and to track when loans are due.

*Recommendation:* We recommend that management implement procedures to ensure that loan payments are made timely and recorded accurately.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around long-term debt management.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTMEBER 30, 2021**

2021-005    Accounts Receivable

*Criteria:* Ensuring that revenues and related accounts receivables are recorded correctly is necessary to ensure that financial statements are accurate.

*Condition:* The Client recorded reimbursement grants as fully receivable when the grants were awarded to the client.

*Context:* This condition was noted through audit procedures performed to substantiate current year end receivable balances.

*Effect:* Material corrections were needed to correct year end balances related to accounts receivable and related revenues.

*Cause:* Lack of procedures to accurately record reimbursement grant revenue and receivables.

*Recommendation:* We recommend that management implement procedures to ensure that reimbursement grant revenue is recorded only when associated expenses have been identified.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around accounts receivable and revenue recognition.

2021-006    Bank Reconciliations

*Criteria:* Reconciling bank and credit card accounts in a timely manner is necessary in order to ensure that all relevant data is included in the financial statements.

*Condition:* The Client did not reconcile multiple accounts throughout the year.

*Context:* This condition was noted through audit procedures performed to substantiate current year end cash balances.

*Effect:* Material corrections were needed to correctly identify outstanding items.

*Cause:* Lack of procedures to reconcile bank and credit card accounts or review reconciliations when they did occur.

*Recommendation:* We recommend that management implement procedures to ensure that bank accounts are reconciled within a timely manner and that reconciliations are reviewed in detail.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around bank reconciliations.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-007 Journal Entries

*Criteria:* Since general journal entries can be made at any given time and are easily susceptible to the circumvention of controls it is important that a robust review and authorization process be used when making general journal entries.

*Condition:* The contracted accountant made and subsequently deleted journal entries without the knowledge or authorization of management.

*Context:* This finding was noted during procedures to understand and test control procedures.

*Effect:* Material corrections were needed to correctly report various transactions.

*Cause:* The contracted accountant used the general journal entry function to make perceived corrections and in some instances deleted previously made entries.

*Recommendation:* We recommend that management implement procedures to ensure that the use of general journal entries is used sparingly and with proper support, authorization, and review.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around general journal entries.

2021-008 Fixed Asset Additions

*Criteria:* Donated fixed assets should be recorded at the fair market value of the donation at the time of donation so that the non-financial asset is recorded appropriately.

*Condition:* Various donors provided vehicles to the Client throughout the year that were not recorded in the accounting software.

*Context:* This finding was noted through audit procedures performed to substantiate current year end fixed asset balances.

*Effect:* Significant corrections were needed to correctly report vehicle donations.

*Cause:* There was a lack of communication between management and the contracted accountant which resulted in donated assets not being recorded.

*Recommendation:* We recommend that management implement procedures to ensure that vehicles and other donated items are recorded in a timely manner and that an inventory of donated items is maintained and reviewed.

*Management response:* Management replaced the contract accountant with an experienced accounting consulting firm and is re-designing controls around donated items.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section III—Findings and Questioned Costs for Federal Awards

2021-009 Activities Allowed or Unallowed, and Allowable Costs and Cost Principles for Emergency Solutions Grant Program Funding

<i>Federal program:</i>	ALN 14.231	Emergency Solutions Grants Program
<i>Federal agency:</i>		U.S. Department of Housing and Urban Development
<i>Pass-through entity:</i>		City of Colorado Springs, Colorado Department of Local Affairs, Community Health Partnership

*Criteria:* A non-federal grant recipient should set reasonable budgets for programs to minimize incentives to miscode expenses. The recipient should compare budgeted and actual allowable costs and investigate variances where applicable.

*Condition:* While the Organization created a budget for overall activities, they did not create budgets specific to grants. Rather they pooled expenses and applied them to the grant awards that were closest to expiring.

*Questioned costs:* None noted.

*Context:* While performing walkthroughs and other tests of controls it was identified that the Organization did not create or maintain budgets for grant awards and did not compare them to actual expenses.

*Effect:* The organization may be duplicating expenses across multiple grants or may be requesting funding for expenditures that exceed the allotted portion of the grant award.

*Cause:* Controls to ensure budgets are created and utilized are not properly designed or operating effectively.

*Recommendation:* Management should implement procedures that include a creation of a budget for each grant award and track expenses against the budget.

*Views of responsible officials and planned corrective action:* Management agrees with this finding and replaced the contract accountant with an experienced accounting consulting firm to help implement corrections.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-010 Matching, Level of Effort, and Earmarking for Emergency Solutions Grant Program Funding

<i>Federal program:</i>	ALN 14.231	Emergency Solutions Grants Program
<i>Federal agency:</i>		U.S. Department of Housing and Urban Development
<i>Pass-through entity:</i>		City of Colorado Springs, Colorado Department of Local Affairs, Community Health Partnership

*Criteria:* A non-federal grant recipient should have official written policies in place that outline the responsibilities for determining required amounts or limits for matching, level of effort, or earmarking as well as allowable costs that may be claimed for matching, level of effort, or earmarking.

*Condition:* The Organization does not have any written policies that cover matching, level of effort, or earmarking.

*Questioned costs:* None noted.

*Context:* While performing walkthroughs and other tests of controls it was identified that the Organization does not have written policies that cover matching, level of effort, or earmarking.

*Effect:* The organization may not be correctly recording matched funds or may not be using allowable costs to show a matching requirement has been met.

*Cause:* Controls to ensure written policies are created and utilized are not properly designed or operating effectively.

*Recommendation:* Management should implement procedures that include a thorough review of policies and procedures and ensure that they are compliant with federal award requirements.

*Views of responsible officials and planned corrective action:* Management agrees with this finding and replaced the contract accountant with an experienced accounting consulting firm to help implement corrections.

**INTERFAITH HOSPITALITY NETWORK OF COLORADO SPRINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-011 Procurement, Suspension, and Debarment for Emergency Solutions Grant Program Funding

<i>Federal program:</i>	ALN 14.231	Emergency Solutions Grants Program
<i>Federal agency:</i>		U.S. Department of Housing and Urban Development
<i>Pass-through entity:</i>		City of Colorado Springs, Colorado Department of Local Affairs, Community Health Partnership

*Criteria:* A non-federal grant recipient should have a procurement manual that includes the federal requirements and make it available to those responsible for managing federal grant awards. Additionally, the recipient should ensure that appropriate written policies for procurement and contracts are in place that are compliant with federal grant awards.

*Condition:* While the Organization does have a procurement policy, it is lacking the requirements of federal grant awards.

*Questioned costs:* None noted.

*Context:* While performing walkthroughs and other tests of controls it was identified that the Organization does not have written policies that cover procurement, suspension, and debarment. Specifically, the Organization does not address the need for multiple bids over a certain cost threshold.

*Effect:* The organization may not be following procurement guidelines as set forth for federal grant awards and may not be requesting the required amount of bids to procure goods and services.

*Cause:* Controls to ensure written policies are created and utilized are not properly designed or operating effectively.

*Recommendation:* Management should implement procedures that include a thorough review of policies and procedures and ensure that they are compliant with federal award requirements.

*Views of responsible officials and planned corrective action:* Management agrees with this finding and replaced the contract accountant with an experienced accounting consulting firm to help implement corrections.



The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the Interfaith Hospitality Network of Colorado Springs Schedule of Findings and Questioned Costs for the year ended September 30, 2020. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the September 30, 2021 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.



**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-001 Cash Disbursements

*Criteria:* Cash disbursements should be processed in an accurate timely manner and recorded when disbursements are issued.

*Condition:* Certain procedures involving the recording, reconciliation and review of cash disbursements were lacking during the year.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around cash disbursements.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-002 Recording Home Sales

*Criteria:* The sale of home inventory should be recorded accurately and in a timely manner.

*Condition:* The sale of home inventory was recorded at the net of gross sales and cost of goods sold or not recorded at all.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around inventory.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-003 Closing Procedures

*Criteria:* When closing the accounting period cutoff over certain transaction classes must be carefully reviewed in order to ensure accurate reporting.

*Condition:* The client did not accurately record multiple asset and liability accounts leading to material corrections.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around closing procedures.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-004 Long-Term Debt

*Criteria:* Ensuring that long term notes are paid according to debt agreements and that payoffs of such notes are recorded accurately is critical to accurately report long-term debt.

*Condition:* The Client did not pay back loans according to the loan agreements and did not record the payoff of a material amount of loans.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around long-term debt.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-005 Accounts Receivable

*Criteria:* Ensuring that revenues and related accounts receivables are recorded correctly is necessary to ensure that financial statements are accurate.

*Condition:* The Client recorded reimbursement grants as fully receivable when the grants were awarded to the client.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around accounts receivable.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-006 Bank Reconciliations

*Criteria:* Reconciling bank and credit card accounts in a timely manner is necessary in order to ensure that all relevant data is included in the financial statements.

*Condition:* The Client did not reconcile multiple accounts throughout the year.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around bank reconciliations.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-007 Journal Entries

*Criteria:* Since general journal entries can be made at any given time and are easily susceptible to the circumvention of controls it is important that a robust review and authorization process be used when making general journal entries.

*Condition:* The contracted accountant made and subsequently deleted journal entries without the knowledge or authorization of management.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around general journal entries.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-008 Fixed Asset Additions

*Criteria:* Donated fixed assets should be recorded at the fair market value of the donation at the time of donation so that the non-financial asset is recorded appropriately.

*Condition:* Various donors provided vehicles to the Client throughout the year that were not recorded in the accounting software.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around donated assets.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-009 Activities Allowed or Unallowed, and Allowable Costs and Cost Principles for Emergency Solutions Grant Program Funding

*Federal program:* ALN 14.231 Emergency Solutions Grants Program  
*Federal agency:* U.S. Department of Housing and Urban Development  
*Pass-through entity:* City of Colorado Springs,  
Colorado Department of Local Affairs,  
Community Health Partnership

*Criteria:* A non-federal grant recipient should set reasonable budgets for programs to minimize incentives to miscode expenses. The recipient should compare budgeted and actual allowable costs and investigate variances where applicable.

*Condition:* While the Organization created a budget for overall activities, they did not create budgets specific to grants. Rather they pooled expenses and applied them to the grant awards that were closest to expiring.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around grant award management. In addition those charged with governance are reviewing and amending policies.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-010 Matching, Level of Effort, and Earmarking for Emergency Solutions Grant Program Funding

*Federal program:* ALN 14.231 Emergency Solutions Grants Program  
*Federal agency:* U.S. Department of Housing and Urban Development  
*Pass-through entity:* City of Colorado Springs,  
Colorado Department of Local Affairs,  
Community Health Partnership

*Criteria:* A non-federal grant recipient should have official written policies in place that outline the responsibilities for determining required amounts or limits for matching, level of effort, or earmarking as well as allowable costs that may be claimed for matching, level of effort, or earmarking.

*Condition:* The Organization does not have any written policies that cover matching, level of effort, or earmarking.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around grant award management. In addition those charged with governance are reviewing and amending policies.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

2021-010 Matching, Level of Effort, and Earmarking for Emergency Solutions Grant Program Funding (continued)

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.

2021-011 Procurement, Suspension, and Debarment for Emergency Solutions Grant Program Funding

*Federal program:* ALN 14.231 Emergency Solutions Grants Program  
*Federal agency:* U.S. Department of Housing and Urban Development

*Pass-through entity:* City of Colorado Springs,  
Colorado Department of Local Affairs,  
Community Health Partnership

*Criteria:* A non-federal grant recipient should have a procurement manual that includes the federal requirements and make it available to those responsible for managing federal grant awards. Additionally, the recipient should ensure that appropriate written policies for procurement and contracts are in place that are compliant with federal grant awards.

*Condition:* While the Organization does have a procurement policy, it is lacking when compared to the requirements of federal grant awards.

*Management Response and Planned Corrective Actions:* Management agrees with the finding, has replaced the contracted accountant with an experienced accounting firm, and is redesigning processes and procedures around grant award management. In addition those charged with governance are reviewing and amending policies.

*Responsibility for Corrective Action:* Andrea Grebas, Interim Executive Director

*Anticipated Completion Date:* Spring 2023.