

**HORIZON HOUSING
DEVELOPMENT COMPANY**

AUDITED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

HORIZON HOUSING DEVELOPMENT COMPANY

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HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 660,024	\$ 182,709
Accounts receivable	731	3,493
Grants receivable	55,204	13,311
Due from related organization	11,336	9,185
Prepaid expenses	<u>37,570</u>	<u>32,582</u>
Total current assets	<u>764,865</u>	<u>241,280</u>
NONCURRENT ASSETS		
Property and equipment, net accumulated depreciation	<u>1,780,462</u>	<u>1,534,294</u>
Total noncurrent assets	<u>1,780,462</u>	<u>1,534,294</u>
Total assets	<u>\$ 2,545,327</u>	<u>\$ 1,775,574</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 209,142	\$ 40,143
Accrued vacation pay	10,734	9,149
Accrued payroll taxes	821	700
Award advance	193,370	-
Security deposits	18,548	19,157
Notes payable, current maturities	<u>70,107</u>	<u>69,767</u>
Total current liabilities	<u>502,722</u>	<u>138,916</u>
NONCURRENT LIABILITIES		
Notes payable, net of current maturities	<u>386,574</u>	<u>246,947</u>
Total noncurrent liabilities	<u>386,574</u>	<u>246,947</u>
Total liabilities	<u>889,296</u>	<u>385,863</u>
NET ASSETS		
Without donor restriction	1,656,031	1,389,711
With donor restriction	-	-
Total net assets	<u>1,656,031</u>	<u>1,389,711</u>
Total liabilities and net assets	<u>\$ 2,545,327</u>	<u>\$ 1,775,574</u>

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor restriction	With Donor restriction	2021 Total	2020 Total
SUPPORT AND REVENUE				
Rent	\$ -	\$ 274,533	\$ 274,533	\$ 231,364
Grants				
St. Louis Office for Developmental Disability Resources	- -	381,117	381,117	413,144
MO Department of Economic Development	- -	95,149	95,149	- -
City of St. Louis	- -	1,312,002	1,312,002	184,286
Mental Health Board Community Foundation	- -	- -	- -	11,800
Non-cash contributions-loan forgiveness	- -	38,200	38,200	16,700
Non-cash contributions-real estate	- -	- -	- -	17,499
Gain on involuntary conversion	125,769	- -	125,769	- -
PPP loan forgiveness	- -	65,400	65,400	- -
Other income	27,791	- -	27,791	2,205
 Total support and revenue	 153,560	 2,166,401	 2,319,961	 885,998
 Net assets released from restriction				
Satisfaction of restrictions	2,166,401	(2,166,401)	- -	- -
 Total	 2,319,961	 - -	 2,319,961	 885,998
 EXPENSES				
Program	1,817,196	- -	1,817,196	770,084
 Total program expenses	 1,817,196	 - -	 1,817,196	 770,084
 Support expenses				
General and administration	224,950	- -	224,950	175,552
Fundraising	9,746	- -	9,746	6,762
 Total support expenses	 234,696	 - -	 234,696	 182,314
 Total expenses	 2,051,892	 - -	 2,051,892	 952,398
 Change in net assets from operations	 268,069	 2,166,401	 268,069	 (66,400)
 INVESTMENT ACTIVITIES				
Interest expense	(1,749)	- -	(1,749)	(1,168)
 Total investment activities	 (1,749)	 - -	 (1,749)	 (1,168)
 Changes in net assets	 266,320	 - -	 266,320	 (67,568)
 Net assets - beginning of year	 1,389,711	 - -	 1,389,711	 1,457,279
 Net assets - end of year	 \$ 1,656,031	 \$ - -	 \$ 1,656,031	 \$ 1,389,711

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	Program	General and Administration	Fundraising	2021 Total	2020 Total
Salaries	\$ 561,900	\$ 122,685	\$ 8,132	\$ 692,717	\$ 362,762
Conferences and meetings	3,613	1,702	-	5,315	7,480
Employee benefits	59,473	31,154	992	91,619	87,878
Utilities	102,017	6,200	-	108,217	120,447
Equipment rental, repairs, and maintenance	108,759	3,400	-	112,159	91,011
Payroll taxes	42,447	13,528	622	56,597	27,711
Professional fees	7,459	12,579	-	20,038	23,463
Insurance	29,496	10,849	-	40,345	33,818
Telephone	19,828	5,500	-	25,328	21,795
Supplies	34,789	8,000	-	42,789	23,868
Security	9,748	1,700	-	11,448	27,490
Specific assistance to individuals	714,794	-	-	714,794	4,634
Other	<u>956</u>	<u>1,203</u>	<u>-</u>	<u>2,159</u>	<u>3,699</u>
Total before depreciation	1,695,279	218,500	9,746	1,923,525	836,056
Depreciation	<u>121,917</u>	<u>6,450</u>	<u>-</u>	<u>128,367</u>	<u>116,342</u>
Total	<u>\$ 1,817,196</u>	<u>\$ 224,950</u>	<u>\$ 9,746</u>	<u>\$ 2,051,892</u>	<u>\$ 952,398</u>

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 266,320	\$ (67,568)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	128,367	116,342
Forgiveness of loans	(103,600)	(16,700)
Non-cash contribution of property and equipment	-	(17,499)
Gain on involuntary conversion	(125,769)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,762	(1,498)
(Increase) decrease in grants receivable	(41,893)	12,888
(Increase) decrease in due from related organization	(2,151)	(9,185)
(Increase) decrease in prepaid expenses	(4,988)	(2,519)
Increase (decrease) in accounts payable	168,999	29,318
Increase (decrease) in accrued vacation pay	1,585	1,228
Increase (decrease) in accrued payroll taxes	121	94
Increase (decrease) in accrued award advance	193,370	
Increase (decrease) in security deposits	(609)	4,621
Net cash provided by (used in) operating activities	<u>482,514</u>	<u>49,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from insurance claims	301,099	-
Purchase of property and equipment	<u>(549,866)</u>	<u>(177,497)</u>
Net cash provided by (used in) investing activities	<u>(248,767)</u>	<u>(177,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	250,000	186,717
Principal payments on note payable	<u>(6,432)</u>	<u>(3,604)</u>
Net cash provided by (used in) financing activities	<u>243,568</u>	<u>183,113</u>
Net increase (decrease) in cash and cash equivalents	477,315	55,138
Cash and cash equivalents - beginning of year	<u>182,709</u>	<u>127,571</u>
Cash and cash equivalents - end of year	<u>\$ 660,024</u>	<u>\$ 182,709</u>
Supplemental cash flow information		
Forgiveness of loans		
PPP Loan	\$ 65,400	\$ -
Strodtman Loan	21,500	-
West Florissant Loan	<u>16,700</u>	<u>16,700</u>
	<u>\$ 103,600</u>	<u>\$ 16,700</u>
Cash paid during the year for interest	\$ 1,749	\$ 1,168

See accompanying notes and independent auditors' report

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Horizon Housing Development Company (the "Organization") is a nonprofit corporation, incorporated in the state of Missouri on June 11, 2003. The Organization is dedicated to providing housing for the benefit of the developmentally disabled and/or handicapped persons in the City of Saint Louis, Missouri.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization presently has no net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Organization applied Topic 606 retrospectively to all periods presented with no effect on net assets. Its revenue is generated substantially from contributions and grants. The timing of revenue recognition was not affected by the new standard.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for the purposes of the statement of cash flows.

Receivables

Receivables consist primarily of grants receivable, rent, and security deposits receivable. The Organization believes all receivables are collectible, and consequently, there is no allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at the date of the donation. The Organization generally capitalizes assets with a cost of \$1,000 or more. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over the useful lives of three to twenty-five years. Expenditures for repairs and maintenance are recorded to operating expenses as incurred. Depreciation expense for the fiscal years ended 2021 and 2020 was \$128,367 and \$116,342, respectively.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time and talent to develop the Organization's programs and meet its objectives. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished depending on the nature of the restriction), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Non-operating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

The Organization adopted the provisions of *Accounting for Uncertainty in Income Taxes* on July 1, 2010. The adoption of this guidance resulted in no change to the financial statements for prior periods. As of June 30, 2021, no amounts have been recognized for uncertain tax positions. Any returns that the Organization would have prepared for tax years 2017 and prior are closed.

Comparative Data

The amounts shown for the fiscal year ended June 30, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2020, from which the summarized information was derived.

Note 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 3 - ACCRUED VACATION PAY

Employees of the Organization are entitled to paid vacation, depending on length of service and job classification. Vacation accrued during each year of employment must be used by each employee's anniversary date. Vacation pay is payable upon termination. The accrued vacation pay balances as of June 30, 2021 and June 30, 2020 were \$10,734 and \$9,149, respectively.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 4 - CONTINGENT LIABILITY

The Organization has signed promissory notes with the St. Louis Office for Developmental Disability Resources for acquisitions of land and buildings that could be payable to them only in the event that, without written approval from them, the Organization encumbers, sells, trades, or otherwise disposes of or in any way alters ownership of said property. No such repayments are anticipated, but the contingent liability would be approximately \$1,300,000.

Note 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2021 and 2020 follows:

	2021	2020
Buildings and building improvements	\$ 2,718,251	\$ 2,392,067
Furniture and equipment	123,856	100,251
Vehicles	32,251	32,251
Total depreciable property	2,874,358	2,524,569
Accumulated depreciation	(1,245,200)	(1,133,861)
Depreciable property, net	1,629,158	1,390,708
Land	151,304	143,586
Property and equipment, net	<u>\$ 1,780,462</u>	<u>\$ 1,534,294</u>

Note 6 - RELATED PARTY TRANSACTIONS

The Organization and Horizon North Housing, Inc. are related through common board of director membership. Throughout the fiscal year the Organization made health insurance premium payments on behalf of Horizon North Housing, Inc. The amounts due from Horizon North Housing, Inc. as of June 30, 2021 and June 30, 2020 were \$11,336 and \$9,185, respectively.

The Organization and the City of St. Louis' homeless advisory board, known as Continuum of Care St. Louis, are related through the Organization's executive director, who also serves as chairperson of Continuum of Care. The City of St. Louis passed through various federal grants to Horizon Housing Development during fiscal years 2021 and 2020. Revenues received from Continuum of Care St. Louis for fiscal years 2021 and 2020 were \$1,312,002 and \$184,286, respectively.

Note 7 - CONCENTRATION AND ECONOMIC DEPENDENCY

During fiscal year 2021, 56.6% of the Organization's revenue was received from Continuum of Care St. Louis. If a significant reduction in funding from Continuum of Care St. Louis were to occur, it could have a substantial effect on the Organization.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 8 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2021:

Financial assets at fiscal year-end:	
Cash and cash equivalents	\$ 660,024
Accounts receivable	731
Grants receivable	55,204
Due from related organization	11,336
Total financial assets at fiscal year-end	<u>727,295</u>
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available for general expenditures within one year	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 727,295</u>

Note 9 - OPERATING LEASE

In July 2020, the Organization entered into a 60-month lease with GFI Digital for the use of a copier. Monthly lease payments are \$226.

Future minimum lease payments are as follows:

For the fiscal years ending June 30,	2022	\$ 2,712
	2023	2,712
	2024	2,712
	2025	2,712
	Total	<u>\$ 10,848</u>

Expenses associated with the operating lease totaled \$4,337 for the fiscal year 2021.

Note 10 - NOTES PAYABLE

In May 2020, the Organization received loan proceeds in the amount of \$65,400 under the Paycheck Protection Program ("PPP"). The PPP is administered by the Small Business Administration. The loan and accrued interest (1%) are forgivable after eight to twenty-four weeks as long as the Organization used the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. On March 30, 2021, the entire loan balance was forgiven and \$65,400 was recorded as PPP loan forgiveness on the statement of activities. As of June 30, 2021 and 2020, the outstanding principal amount due was \$0 and \$65,400, respectively.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 10 - NOTES PAYABLE (continued)

On May 3, 2018, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$167,000. The loan does not accrue interest and calls for annual payments of \$16,700 beginning on May 2, 2019. The loan matures in May 2028. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. In May 2021, \$16,700 was forgiven and recognized as income. As of June 30, 2021 and 2020, the outstanding principal amount due was \$116,900 and \$133,600 respectively.

In November 2019, the Organization signed a loan agreement with the Sunset Auto Company, Inc. for the purchase of a 2019 Ford F-150. The loan accrues interest at 5.94% and calls for monthly payments of \$682 beginning on December 20, 2019. The loan matures November 2024. As of June 30, 2021 and 2020, the outstanding principal amount due was \$25,281 and \$31,714 respectively.

On December 13, 2019, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$86,000. The loan does not accrue interest and calls for annual payments of \$21,500 beginning on December 13, 2020. The loan matures in December 2023. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. In February 2021, \$21,500 was forgiven and recognized as income. As of June 30, 2021 and 2020, the outstanding principal amount due was \$64,500 and \$86,000, respectively.

On May 21, 2021, the Organization signed a loan agreement with the City of St. Louis Mental Health Board of Trustees for \$250,000. The loan does not accrue interest and calls for annual payments of \$25,000 beginning on May 21, 2022. The loan matures in May 2031. If the Organization meets the annual requirements of the Mental Health Board, the annual principal payments will be forgiven. As of June 30, 2021, the outstanding principal amount due was \$250,000.

Future maturities of notes payable are as follows:

For the fiscal years ending June 30,	2022	\$ 70,107
	2023	70,486
	2024	70,931
	2025	45,057
	2026	41,700
	2027-2031	<u>158,400</u>
	Total	<u><u>\$ 456,681</u></u>

Note 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2021, the date the financial statements were available to be issued, and noted no reportable events.

HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

Note 12 - REVENUErecognition

Contracts with Customers

The Organization recognized \$274,533 of revenue from contracts with customers (rents) during fiscal year 2021 and \$231,364 during fiscal 2020. No impairment losses were recognized on receivables or contract assets.

Disaggregated Revenue

Rental revenue is recognized when a tenant pays his or her rent for the month and HUD pays the subsidy for the tenant. Hence, economic factors can materially affect the nature, timing, and uncertainty of revenues and cash flows from rental income.

Contract Balances

As of June 30, 2021 and 2020, the ending contract-type balances (rent receivable) were \$731 and \$668, respectively.

Performance Obligations

- Performance obligations for contract revenue are satisfied when goods or services are provided, and details are shown on the Statement of Activities.
- The Organization does not charge interest on accounts receivable.
- The Organization has no formal obligation for refunds.

Significant Judgements

There were no significant judgements used for the recognition of revenue for fiscal 2021. Also, during fiscal 2021 there were no changes in the judgements utilized for determining the timing of the satisfaction of performance obligations or transaction prices allocated to performance obligations.

The Organization bills for rent using an agreed upon rate. Adjusting consideration for the effects of the time value of money is not necessary for the Organization's contract receivables. The financial statements include no estimates of variable consideration or noncash consideration.

Practical Expedients Used for Financing Components

There is no financing component to the Organization's recognition of revenue.

Transition Disclosures

The Organization adopted ASC 606 on July 1, 2020, and it was applied retrospectively using the Modified Retrospective Method. The difference between contract revenue using prior revenue recognition methods and revenue using new guidance is \$0. The practical expedient used to analyze the effect of the adoption of ASC 606 was the Right to Invoice expedient. There was no difference in methods used for recognition of contract revenue with tenants versus revenue from non-tenants.

HORIZON HOUSING DEVELOPMENT COMPANY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021

<i>Federal Grantor and Program</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor Number</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development			
Passed Through the City of St. Louis			
Emergency Solutions Grant	14.231	E-20-MW-29-0006	\$ 260,606
Continuum of Care - Permanent Supportive Housing	14.267	0250L7E012003	292,071
<i>Total Department of Housing and Urban Development</i>			<u>552,677</u>
U.S. Department of the Treasury			
Passed Through the Missouri Department of Econ Dev			
Coronavirus Relief Fund (m)	21.019	6fb5329B	95,149
Passed Through the City of St. Louis			
Coronavirus Relief Fund (m)	21.019	800-2003	365,695
Total Coronavirus Relief Fund			<u>460,844</u>
Emergency Rental Assistance Program - Covid 19 (m)	21.023	800-2003	<u>393,631</u>
<i>Total Department of the Treasury</i>			<u>854,475</u>
Total Expenditures of Federal Awards			<u>\$ 1,407,152</u>

(m) - Program audited as a major program

**HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Horizon Housing Development Company and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None of the federal expenditures presented in the schedule were provided to sub-recipients.

NOTE 3 - DESCRIPTIONS OF MAJOR FEDERAL PROGRAMS

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") payments were to be used for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease between March 1, 2020 and December 31, 2020. State and local governments had broad discretion to utilize payments for expenditures related to COVID-19.

The Emergency Rental Assistance Program makes funding available to assist households that are unable to pay rent or utilities. The funds are provided directly to states and local governments, and grantees can use the funds to provide assistance to eligible households through existing or newly created rental assistance programs. The Coronavirus relief payments were passed through the Missouri Department of Economic Development and the City of St. Louis, and the Emergency Rental Assistance funds were passed through the City of St. Louis, Missouri.

NOTE 4 - NON-CASH ASSISTANCE

No non-cash assistance was received related to any federal programs.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The major programs did not have any loans, loan guarantees or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate.

**HORIZON HOUSING DEVELOPMENT COMPANY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021**

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Monroe County, Illinois and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") payments were to be used for necessary expenditures incurred due to the public health emergency with respect to the coronavirus disease between March 1, 2020 and December 31, 2020. State and local governments had broad discretion to utilize payments for expenditures related to COVID-19.

The Emergency Rental Assistance Program makes funding available to assist households that are unable to pay rent or utilities. The funds are provided directly to states and local governments, and grantees can use the funds to provide assistance to eligible households through existing or newly created rental assistance programs. The Coronavirus relief payments were passed through the Missouri Department of Economic Development and the City of St. Louis, and the Emergency Rental Assistance funds were passed through the City of St. Louis, Missouri.

NOTE 4 - NON-CASH ASSISTANCE

No non-cash assistance was received related to any federal programs.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The major programs did not have any loans, loan guarantees or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

Horizon Housing Development has not elected to use the 10% de minimis indirect cost rate.

HORIZON HOUSING DEVELOPMENT COMPANY
FOR THE FISCAL YEARS ENDED JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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

Any audit findings disclosed that are required to be reported in accordance with federal Uniform Guidance

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee?

Yes No

HORIZON HOUSING DEVELOPMENT COMPANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2021

Section II - Financial Statement Findings

There are no significant deficiencies to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.