Housing Forward

Financial Statements with Supplementary Information and Compliance Reports
December 31, 2024 and 2023

SFC
Certified Public Accountants

Housing Forward
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SFC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Housing Forward

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Housing Forward (Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the 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 the purpose 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 GAAS. In our opinion, the information 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 September 4, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Organization'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 Organization's internal control over financial reporting and compliance.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
September 4, 2025

Housing Forward
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,680,741	$ 2,815,895
Grants receivable	4,657,464	3,525,977
Contributed rent receivable	113,615	113,615
Prepaid expenses	79,371	127,110
Total current assets	7,531,191	6,582,597
Property and equipment, net	15,373	-
Contributed rent receivable, net	272,596	359,266
Right-of-use asset - operating lease, net	464,240	567,581
Total assets	$ 8,283,400	$ 7,509,444
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,343,812	$ 540,607
Accrued expenses	154,436	127,691
Right-of-use liability - operating lease	141,521	103,341
Total current liabilites	1,639,769	771,639
Right-of-use liability - operating lease, net	322,719	464,240
Total liabilities	1,962,488	1,235,879
Net assets (deficit):		
Without donor restrictions	(274,708)	529,424
With donor restrictions	6,595,620	5,744,141
Total net assets	6,320,912	6,273,565
Total liabilities and net assets	$ 8,283,400	$ 7,509,444

See notes to financial statements.

Housing Forward
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grant revenue:			
Contributions of financial assets	$ 1,439,726	$ 4,726,850	$ 6,166,576
Contributions of nonfinancial assets	88,235	-	88,235
Government grants	12,818,104	-	12,818,104
Special events, net of direct costs of $32,958	(1,705)	-	(1,705)
Net assets released from restriction	3,875,371	(3,875,371)	-
Total contributions and grant revenue	18,219,731	851,479	19,071,210
Membership and contract fees	247,125	-	247,125
Rental income	274,914	-	274,914
Other	8,582	-	8,582
Total revenue and support	18,750,352	851,479	19,601,831
Expenses:			
Program services	18,060,402	-	18,060,402
General and administrative	1,341,429	-	1,341,429
Fundraising	152,653	-	152,653
Total expenses	19,554,484	-	19,554,484
Change in net assets	(804,132)	851,479	47,347
Net assets at beginning of year	529,424	5,744,141	6,273,565
Net assets (deficit) at end of year	$ (274,708)	$ 6,595,620	$ 6,320,912

See notes to financial statements.

Housing Forward
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grant revenue:			
Contributions of financial assets	$ 1,715,853	$ 1,609,278	$ 3,325,131
Contributions of nonfinancial assets	35,763	472,881	508,644
Government grants	8,654,921	-	8,654,921
Special events, net of direct costs of $20,849	101,457	-	101,457
Net assets released from restriction	5,083,776	(5,083,776)	-
Total contributions and grant revenue	15,591,770	(3,001,617)	12,590,153
Membership and contract fees	177,889	-	177,889
Other	2,990	-	2,990
Total revenue and support	15,772,649	(3,001,617)	12,771,032
Other loss:			
Loss from early termination of donated leases	(731,377)	-	(731,377)
Total revenue, support and other loss	15,041,272	(3,001,617)	12,039,655
Expenses:			
Program services	13,405,083	-	13,405,083
General and administrative	1,231,790	-	1,231,790
Fundraising	151,366	-	151,366
Total expenses	14,788,239	-	14,788,239
Change in net assets	253,033	(3,001,617)	(2,748,584)
Net assets at beginning of year	276,391	8,745,758	9,022,149
Net assets at end of year	$ 529,424	$ 5,744,141	$ 6,273,565

See notes to financial statements.

Housing Forward
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 2,713,432	$ 728,619	$ 131,194	$ 3,573,245
Contract services, consulting and professional fees	1,156,725	84,229	6,300	1,247,254
Travel, conferences and meetings	90,186	27,549	540	118,275
Advertising and promotion	-	25,717	1,478	27,195
Bank and financial services fees	629	36,641	-	37,270
Communications and information technology	28,648	13,933	-	42,581
Special events	-	-	32,958	32,958
Memberships and subscriptions	31,175	81,028	9,252	121,455
Miscellaneous	100	9,248	-	9,348
Hospitality and entertainment	5,176	13,911	1,169	20,256
Insurance	-	15,918	-	15,918
Postage and delivery	-	1,001	121	1,122
Printing and copying	7,768	4,075	2,599	14,442
Occupancy	-	267,824	-	267,824
Supplies	18,776	30,076	-	48,852
Depreciation	-	1,660	-	1,660
Client assistance	14,007,787	-	-	14,007,787
Total expenses	18,060,402	1,341,429	185,611	19,587,442
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(32,958)	(32,958)
Total expenses included in the expense section on the statement of activities	$ 18,060,402	$ 1,341,429	$ 152,653	$ 19,554,484

See notes to financial statements.

Housing Forward
Statement of Functional Expenses
Years Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 2,418,946	$ 462,114	$ 129,625	$ 3,010,685
Contract services, consulting and professional fees	565,284	282,844	3,135	851,263
Travel, conferences and meetings	56,844	29,303	653	86,800
Advertising and promotion	-	35	4,542	4,577
Bank and financial services fees	11,761	21,496	-	33,257
Communications and information technology	2,102	37,927	2,130	42,159
Special events	-	-	20,849	20,849
Bad debt	-	14,319	-	14,319
Memberships and subscriptions	938	37,008	4,862	42,808
Miscellaneous	50,268	4,445	-	54,713
Hospitality and entertainment	-	5,255	554	5,809
Insurance	-	18,790	-	18,790
Postage and delivery	-	396	312	708
Printing and copying	-	9,378	5,106	14,484
Occupancy	-	201,203	-	201,203
Supplies	20,774	107,277	447	128,498
Client assistance	10,278,166	-	-	10,278,166
Total expenses	13,405,083	1,231,790	172,215	14,809,088
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(20,849)	(20,849)
Total expenses included in the expense section on the statement of activities	$ 13,405,083	$ 1,231,790	$ 151,366	$ 14,788,239

See notes to financial statements.

Housing Forward
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 47,347	$ (2,748,584)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,660	-
Discount on long-term contributed rent receivable	39,846	66,791
Amortization of right-of-use asset, operating lease	103,341	24,650
Loss from early termination of donated leases	-	731,377
Changes in operating assets and liabilities:		
Grants receivable	(1,131,487)	(1,068,118)
Contributed rent receivable	46,824	(420,861)
Prepaid expenses	47,739	190,601
Accounts payable	803,205	(28,745)
Accrued expenses	26,745	57,586
Right-of-use liability - operating lease	(103,341)	(24,650)
Net cash used by operating activities	(118,121)	(3,219,953)
Cash flows from investing activities:		
Purchases of property and equipment	(17,033)	-
Net change in cash and cash equivalents	(135,154)	(3,219,953)
Cash and cash equivalents at beginning of year	2,815,895	6,035,848
Cash and cash equivalents at end of year	$ 2,680,741	$ 2,815,895
Supplemental cash flow information:		
Right-of-use asset obtained in exchange for operating lease liability	$ -	$ 592,231

See notes to financial statements.

1. Organization

Housing Forward (Organization) is a Texas nonprofit corporation located in Dallas, Texas. It was established and is operated as a member organization composed of a broad spectrum of stakeholders committed to ending homelessness. In 2003, it was designated by the Dallas City Council as the regional authority on homelessness and charged with implementing homeless initiatives in Dallas' 10-Year Plan to End Chronic Homelessness. The Organization is supported by contributions and grants from individuals, companies, foundations and governmental agencies. It also earns fees by providing program services and by fees charged for memberships.

The Organization accomplishes its purpose through the following programs:

Continuum of Care - The Organization is recognized by the local community and the U.S. Department of Housing and Urban Development (HUD) as the lead agency for the Continuum of Care (CoC) serving Dallas and Collin Counties. As the CoC lead agency, the Organization collaborates with the local CoC board of directors to:

- Operate the Continuum of Care
- Provide for a Homeless Management Information System (HMIS) for the Continuum of Care
- Plan for the Continuum of Care
- Serve as the collaborative applicant for funding

Coordinated Assessment – The Organization provides a telephone helpline for persons facing a housing crisis, conducts a uniformed assessment, makes referrals to the appropriate housing intervention organization through prioritization and makes referrals to service and housing providers in the CoC.

Homeless Management Information System – The Organization administers the HMIS that supports required client and services data collection, reporting and performance evaluation for nearly $70 million in federal, state, and local programs to prevent and end homelessness.

Resources for Partner Agencies – The Organization oversees funds that are utilized by organizations for direct aid to the homeless within the CoC.

Dallas R.E.A.L Time Rapid Rehousing Initiative – The Organization has partnered with local governments and other nonprofit agencies to use American Rescue Plan Act Funds and private donations to rehouse individuals experiencing homelessness.

Flex Fund – The Organization raises private funds for the Flex Fund, which it administers to pay for minor but impactful expenditures that can end a person's homelessness, including access to critical documents, security deposits, pet deposits, move-in fees, basic furniture, household items, rental arrears and utility assistance.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

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

> *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
>
> *Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of December 31, 2024 and 2023, no such net asset restrictions existed.

Revenues are reported as increases in assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash Equivalents

Cash equivalents consist of all highly liquid investments purchased with an initial maturity of three months or less.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, cash equivalents, and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Grants receivable are unsecured and represent amounts due from government agencies and private grantors. The Organization continually evaluates the collectability of grants receivable and maintains allowances as necessary. Grants receivable are expected to be collected within the next year.

The Organization maintains cash balances at financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2024, the Organization's uninsured balances totaled $2,620,083. The Organization has not experienced any losses on such assets.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, at the fair value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $2,000; the fair value of donated property and equipment is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donated goods, rent, and services are accounted for as contributions of nonfinancial assets at their estimated value at the date of receipt. Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances. There were no refundable advances from conditional promises to give at December 31, 2024 and 2023.

Special event revenue is recognized at the time of the event.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performances requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances from cost-reimbursable federal and state contracts and grants at December 31, 2024 and 2023.

The Organization had remaining available award balances on federal cost-reimbursable grants totaling $18,542,676 and $16,776,271 that have not been recognized as of December 31, 2024 and 2023, respectively. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred and totaled $27,195 and $4,577 for the years ended December 31, 2024 and 2023, respectively.

Federal Income Taxes

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended December 31, 2024 and 2023. Accordingly, no provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that at December 31, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, insurance, communications and information technology, printing and copying, and supplies which are allocated on a square footage basis, as well as personnel, contract services, consulting, and professional fees, which are allocated on the basis of estimates of time and effort.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 support and expenses during the reporting period. Actual results could differ from those estimated.

Reclassification

Certain items in the 2023 financial statements have been reclassified to conform with the 2024 presentation, specifically client assistance expenses were reclassified to program services on the statement of functional expenses.

3. Property and Equipment

Property and equipment consist of the following at December 31:

	2024	2023
Office equipment	$ 98,407	$ 81,374
Software	7,500	7,500
	$ 105,907	$ 88,874
Less: accumulated depreciation	(90,534)	(88,874)
	$ 15,373	$ -

Depreciation expense totaled $1,660 for the year ended December 31, 2024. All existing property and equipment had been fully depreciated at December 31, 2023.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31:

	2024	2023
Dallas R.E.A.L Time Rapid Housing Initiative	$ 1,831,162	$ 4,465,207
Time restricted	386,211	472,881
Client Assistance	661,495	704,580
Veteran Assistance	31,726	50,468
Street to Home	3,616,060	-
Other	68,966	51,005
	$ 6,595,620	$ 5,744,141

5. Donated Use of Office Space

Effective September 13, 2021, the Organization and a foundation entered into a rent-free lease agreement for land and a building. As provided by the lease agreement, the Organization is required to pay utilities and repairs, maintain certain insurance and must abide by the Wilson Historic Block District Agencies Lease Compliance Expectation. The lease was set to terminate November 30, 2026. However, it was terminated early by the Organization during the year ended December 31, 2023. As such, a loss on termination of donated leases totaling $731,377 has been recorded in the accompanying statement of activities for the year ended December 31, 2023.

Effective October 1, 2023, the Organization and a company entered into a discounted rent lease agreement for land and a building. The lease expires October 1, 2028 (See Note 9). The difference between the fair value of the leased facilities and discounted rent was recorded as contributed nonfinancial assets during the year ended December 31, 2023 totaling $503,844. The associated rental expense will be amortized over the life of the lease.

The present value of the donated rent through the lease expiration dates was recorded as contribution of nonfinancial assets during the years ended December 31, 2024 and 2023. The outstanding contribution receivable related to the donated space totaled $386,211 and $472,881 at December 31, 2024 and 2023, respectively.

6. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2024:

	Program Services	General and Administrative	Total
Goods	$ 18,074	$ -	$ 18,074
Services	-	70,161	70,161
Total	$ 18,074	$ 70,161	$ 88,235

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2023:

	Program Services	General and Administrative	Total
Rent	$ -	$ 503,844	$ 503,844
Services	4,800	-	4,800
Total	$ 4,800	$ 503,844	$ 508,644

Goods

Contributed goods are valued at the estimated fair value based on sales prices of similar items.

Rent

Contributed rent is valued based on market comparables.

Services

Contributed services are valued at the fair market value that the vendor would have charged if not donated.

7. Lease

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) asset and lease liability for its office space. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of activities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the prime rate less one percent rate based on the information available at the commencement date to determine the present value of lease payments. Prime rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the balance sheet.

Nature of Lease

The Organization has entered into an operating lease arrangement for office space expiring October 2028. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Future minimum lease payments and reconciliations to the statement of activities at December 31, 2024 are as follows for the years ended December 31:

2025	$ 141,521
2026	141,521
2027	141,521
2028	106,140
Total future undiscounted lease payments	530,703
Less present value discount	(66,463)
Lease liability, net	$ 464,240

The following lease cost and other required information for the years ended December 31:

	2024	2023
Total lease cost	$ 141,521	$ 35,380
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from lease	$ (103,341)	$ (24,650)
Right-of-use asset obtained in exchange for new lease liability	$ -	$ 592,231
Weighted-average remaining lease term	3.75 years	4.75 years
Weighted-average discount rate	7.50%	7.50%

8. Retirement Plan

The Organization maintains a defined contribution plan for employees meeting certain minimum eligibility requirements. Participants may contribute up to an amount allowed by federal limits. The plan allows the Organization to make matching contributions of up to 3% of participants' eligible compensation plus a 50% match for employee contributions which exceed 3% but do not exceed 5% of eligible compensation. The Organization's contributions to the plan totaled $80,319 and $66,263 for the years ended December 31, 2024 and 2023, respectively.

9. Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditures within one year are as follows at December 31:

	2024	2023
Cash and cash equivalents	$ 2,680,741	$ 2,815,895
Grants receivable	4,657,464	3,525,977
Total financial assets	$ 7,338,205	$ 6,341,872

Receivables are subject to implied time restrictions but are expected to be collected within one year. Amounts restricted for programs that are major and ongoing operations of the Organization are considered available for general expenditures.

10. Concentrations

Grants receivable from two grantors accounted for 77% of the Organization's grants receivable at December 31, 2024. Grants receivable from three grantors accounted for 83% of the Organization's grants receivable at December 31, 2023.

The Organization's revenue from two governmental units comprised approximately 61% and 71% of total revenue for the years ended December 31, 2024 and 2023, respectively. Although management believes these revenue sources will continue in the near term, it acknowledges that the loss of revenue from these sources could have a materially adverse effect on the Organization's financial position, activities and cash flows.

11. Subsequent Events

The Organization has evaluated subsequent events after the statement of financial position date through September 4, 2025, the date the financial statements were available to be issued and concluded that no additional disclosures are required.

Housing Forward
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract Number	Expenditures	Provided to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Funding:				
Continuum of Care Program	14.267	TX0679L6T002200	$ 518,972	$ -
Continuum of Care Program	14.267	TX0721L6T002300	231,361	-
Continuum of Care Program	14.267	TX0404L6T002207	250,567	-
Continuum of Care Program	14.267	TX0404L6T002308	127,621	-
Continuum of Care Program	14.267	TX0054L6T002316	2,667,734	341,271
Continuum of Care Program	14.267	TX0676D6T002200	259,948	80,803
Continuum of Care Program	14.267	TX0676D6T002301	32,151	10,165
Continuum of Care Program	14.267	TX0680D6T002200	395,776	94,844
Continuum of Care Program	14.267	TX0405L6T002207	176,376	-
Continuum of Care Program	14.267	TX0405L6T002308	230,553	-
Continuum of Care Program	14.267	TX0660H6T002200	1,305,392	495,207
Total Continuum of Care Program			6,196,451	1,022,290
Youth Homelessness Demonstration Program	14.276	TX0711Y6T002200	272,224	-
Youth Homelessness Demonstration Program	14.276	TX0755Y6T002200	91,605	4,477
Youth Homelessness Demonstration Program	14.276	TX0752Y6T002200	7,596	7,596
Total Youth Homelessness Demonstration Program			371,425	12,073
Passed through City of Dallas:				
Home Investment Partnership Program	14.239	OHS-2021-00017109	5,409,543	5,313,015
Total U.S. Department of Housing and Urban Development			11,977,419	6,347,378
Total Expenditures of Federal Awards			$ 11,977,419	$ 6,347,378

See notes to schedule of expenditures of federal awards.

Housing Forward
Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Housing Forward (Organization) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10 percent de minimis indirect cost rate, and continues to use the cost allocation plan negotiated individually with its grantors, as applicable.

3. Match

The Organization is required to provide 25% matching funds to fulfill its Continuum of Care contract. These matching funds consist of contributions, fees, in-kind rent and other grants. The Organization claimed the following in matching funds for the following contracts for the year ended December 31, 2024:

CAS	$ 79,794
CoC	107,864
HMIS	203,515
CA	36,525
REP	613,337
Total	$ 1,041,035

SFC
Certified Public Accountants

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Housing Forward

We have audited, 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, the financial statements of Housing Forward (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sutton Frost Carey

A Limited Liability Partnership

Arlington, Texas
September 4, 2025

SFC
Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Housing Forward

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Forward's (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
September 4, 2025

Housing Forward
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Programs
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings
None

Section III - Federal Award Findings and Questioned Costs
None

Housing Forward
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section IV – Summary of Prior Year Audit Findings

Finding 2023-001: Allowable costs and activities – significant deficiency in internal controls over compliance and compliance finding specific to payroll allocation.

Coronavirus State and Local Fiscal Recovery Funds ALN 21.027 (CSLFRF)

Summary: Housing Forward's internal control procedures over compliance specify that all employees maintain timesheets and hours and rates per timesheets agree to the payroll register and amount allocated to grant activities. During allowable cost and activities testing for the CSLFRF grant, 2 out of 40 timesheets tested did not agree to the number of hours charged to the grant.

Status: This finding was corrected in 2024. The auditors discovered no deviations during current year testing.