

Housing Forward

**Financial Statements with Supplementary Information
and Compliance Reports
December 31, 2025 and 2024**

Housing Forward

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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, 2025 and 2024, 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, 2025 and 2024, 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 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 GAAS. 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 September 21, 2026, 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 the 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.



A Limited Liability Partnership

Arlington, Texas
September 21, 2026

Housing Forward
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,238,131	\$ 2,680,741
Grants receivable	8,476,496	4,657,464
Contributed rent receivable	113,615	113,615
Prepaid expenses	1,074,637	79,371
Total current assets	10,902,879	7,531,191
Property and equipment, net	33,351	15,373
Contributed rent receivable, net	179,426	272,596
Right-of-use asset - operating lease, net	352,876	464,240
Total assets	<u>\$ 11,468,532</u>	<u>\$ 8,283,400</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,597,815	\$ 1,343,812
Accrued expenses	130,860	154,436
Refundable advances	768,831	-
Right-of-use liability - operating lease	120,009	141,521
Total current liabilities	2,617,515	1,639,769
Right-of-use liability - operating lease, net	232,867	322,719
Total liabilities	2,850,382	1,962,488
Net assets (deficit):		
Without donor restrictions	36,696	(274,708)
With donor restrictions	8,581,454	6,595,620
Total net assets	8,618,150	6,320,912
Total liabilities and net assets	<u>\$ 11,468,532</u>	<u>\$ 8,283,400</u>

See notes to financial statements.

Housing Forward
Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grant revenue:			
Contributions of financial assets	\$ 1,006,113	\$ 6,209,650	\$ 7,215,763
Government grants	20,554,664	-	20,554,664
Special events, net of direct costs of \$11,174	9,549	-	9,549
Net assets released from restriction	4,223,816	(4,223,816)	-
Total contributions and grant revenue	25,794,142	1,985,834	27,779,976
Membership and contract fees	266,161	-	266,161
Rental income	115,830	-	115,830
Other	3,894	-	3,894
Total revenue and support	26,180,027	1,985,834	28,165,861
Expenses:			
Program services	24,087,431	-	24,087,431
General and administrative	1,541,944	-	1,541,944
Fundraising	239,248	-	239,248
Total expenses	25,868,623	-	25,868,623
Change in net assets	311,404	1,985,834	2,297,238
Net assets (deficit) at beginning of year	(274,708)	6,595,620	6,320,912
Net assets at end of year	<u>\$ 36,696</u>	<u>\$ 8,581,454</u>	<u>\$ 8,618,150</u>

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 Functional Expenses

Year Ended December 31, 2025

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 3,437,497	\$ 904,605	\$ 180,921	\$ 4,523,023
Advertising and promotion	-	4,574	727	5,301
Bank and financial services fees	2,004	23,026	-	25,030
Client assistance	18,925,048	-	-	18,925,048
Communications and information technology	36,436	14,817	5,837	57,090
Contract services, consulting and professional fees	1,451,532	198,288	36,073	1,685,893
Depreciation	-	5,994	-	5,994
Hospitality and entertainment	-	15,966	50	16,016
Insurance	-	24,308	-	24,308
Memberships and subscriptions	45,020	-	12,127	57,147
Miscellaneous	14,181	2,013	140	16,334
Occupancy	139,444	292,599	-	432,043
Postage and delivery	366	803	248	1,417
Printing and copying	7,632	3,249	2,182	13,063
Special events	-	-	11,174	11,174
Supplies	6,940	8,848	643	16,431
Travel, conferences and meetings	21,331	42,854	300	64,485
Total expenses	24,087,431	1,541,944	250,422	25,879,797
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(11,174)	(11,174)
Total expenses included in the expense section on the statement of activities	\$ 24,087,431	\$ 1,541,944	\$ 239,248	\$ 25,868,623

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
Advertising and promotion	-	25,717	1,478	27,195
Bank and financial services fees	629	36,641	-	37,270
Client assistance	14,007,787	-	-	14,007,787
Communications and information technology	28,648	13,933	-	42,581
Contract services, consulting and professional fees	1,156,725	84,229	6,300	1,247,254
Depreciation	-	1,660	-	1,660
Hospitality and entertainment	5,176	13,911	1,169	20,256
Insurance	-	15,918	-	15,918
Memberships and subscriptions	31,175	81,028	9,252	121,455
Miscellaneous	100	9,248	-	9,348
Occupancy	-	267,824	-	267,824
Postage and delivery	-	1,001	121	1,122
Printing and copying	7,768	4,075	2,599	14,442
Special events	-	-	32,958	32,958
Supplies	18,776	30,076	-	48,852
Travel, conferences and meetings	90,186	27,549	540	118,275
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
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,297,238	\$ 47,347
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	5,994	1,660
Discount on long-term contributed rent receivable	(20,445)	39,846
Amortization of right-of-use asset, operating lease	111,364	103,341
Changes in operating assets and liabilities:		
Grants receivable	(3,819,032)	(1,131,487)
Contributed rent receivable	113,615	46,824
Prepaid expenses	(995,266)	47,739
Accounts payable	254,003	803,205
Accrued expenses	(23,576)	26,745
Refundable advances	768,831	-
Right-of-use liability - operating lease	(111,364)	(103,341)
Net cash used by operating activities	(1,418,638)	(118,121)
Cash flows from investing activities:		
Purchases of property and equipment	(23,972)	(17,033)
Net change in cash and cash equivalents	(1,442,610)	(135,154)
Cash and cash equivalents at beginning of year	2,680,741	2,815,895
Cash and cash equivalents at end of year	<u>\$ 1,238,131</u>	<u>\$ 2,680,741</u>

See notes to financial statements.

Housing Forward

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.

Housing Forward

Notes to Financial Statements

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, 2025 and 2024, 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.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. 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, 2025, the Organization's uninsured balances totaled \$1,214,832. The Organization has not experienced any losses on such assets.

Housing Forward

Notes to Financial Statements

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. No provision has been made for uncollectible receivables as of December 31, 2025 and 2024. Grants receivable are expected to be collected within the next year.

Cash Equivalents

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

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.

Impairment of Long Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Any gains or losses on assets to be disposed of are reflected in the statements of activities of the respective period as the cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts. There were no indications of asset impairment during the years ended December 31, 2025 and 2024.

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. 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.

Housing Forward

Notes to Financial Statements

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. Refundable advances from cost-reimbursable federal and state contracts and grants totaled \$768,831 at December 31, 2025. There were no such refundable advances at December 31, 2024.

The Organization had remaining available award balances on federal cost-reimbursable grants totaling \$28,304,211 and \$18,542,676 that have not been recognized as of December 31, 2025 and 2024, respectively. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

Donated goods 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.

Special event revenue is recognized at the time of the event. Membership and contract fees are recognized over the applicable membership or contract period. Rental income is recognized over the term of the lease agreement.

Contract Compliance

The Organization is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of the Organization's management, such disallowance, if any, would not be significant to the Organization's financial statements.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred and totaled \$5,301 and \$27,195 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024. Accordingly, no provision or liability has been reported in the accompanying financial statements.

Housing Forward

Notes to 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, 2025 and 2024, 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.

3. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Office equipment	\$ 122,379	\$ 98,407
Software	7,500	7,500
	129,879	105,907
Less: accumulated depreciation	(96,528)	(90,534)
	<u>\$ 33,351</u>	<u>\$ 15,373</u>

Depreciation expense totaled \$5,994 and \$1,660 for the years ended December 31, 2025 and 2024, respectively.

Housing Forward

Notes to Financial Statements

4. Net Assets With Donor Restrictions

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

	2025	2024
Dallas R.E.A.L Time Rapid Housing Initiative	\$ -	\$ 1,831,162
Time restricted	293,040	386,211
Client Assistance	575,000	661,495
Veteran Assistance	31,726	31,726
Street to Home	7,681,688	3,616,060
Other	-	68,966
	<u>\$ 8,581,454</u>	<u>\$ 6,595,620</u>

5. Donated Use of Office Space

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 7). The difference between the fair value of the leased facilities and discounted rent was recorded as contributed nonfinancial assets, with the associated rental expense to 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 lease implementation year, December 31, 2023. The outstanding contribution receivable related to the donated space totaled \$293,041 and \$386,211 at December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, \$113,615 of in-kind rent amortization expense was recognized.

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	<u>\$ 18,074</u>	<u>\$ 70,161</u>	<u>\$ 88,235</u>

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Notes to Financial Statements

Goods

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

Services

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

There were no donor restrictions on contributions of nonfinancial assets received during the year ended December 31, 2024.

No contributions of nonfinancial assets were received during the year ended December 31, 2025.

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 statements 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.

Housing Forward

Notes to Financial Statements

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, 2025 are as follows for the years ended December 31:

2026	\$ 141,521
2027	141,521
2028	<u>106,140</u>
Total future undiscounted lease payments	389,182
Less present value discount	<u>(36,306)</u>
Lease liability, net	<u><u>\$ 352,876</u></u>

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

	<u>2025</u>	<u>2024</u>
Total lease cost	<u>\$ 141,521</u>	<u>\$ 141,521</u>
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from lease	<u>\$ (111,364)</u>	<u>\$ (103,341)</u>
Weighted-average remaining lease term	<u>2.75 years</u>	<u>3.75 years</u>
Weighted-average discount rate	<u>7.50%</u>	<u>7.50%</u>

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 \$117,500 and \$80,319 for the years ended December 31, 2025 and 2024, respectively.

Housing Forward

Notes to Financial Statements

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:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,238,131	\$ 2,680,741
Grants receivable	<u>8,476,496</u>	<u>4,657,464</u>
Total financial assets	<u>\$ 9,714,627</u>	<u>\$ 7,338,205</u>

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 three grantors accounted for 88% of the Organization's grants receivable at December 31, 2025. Grants receivable from two grantors accounted for 77% of the Organization's grants receivable at December 31, 2024.

The Organization's revenue from two governmental units comprised approximately 64% and 61% of total revenue for the years ended December 31, 2025 and 2024, 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.

For the year ended December 31, 2025, 71% of total contributions of financial assets was received from two donors. For the year ended December 31, 2024, 45% of total contributions of financial assets was received from three donors.

11. Subsequent Events

Management has evaluated subsequent events through, September 21, 2026, the date the financial statements were available to be issued and concluded that no additional disclosure are required.

Housing Forward

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

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	TX0721L6T002300	\$ 964,512	\$ -
Continuum of Care Program	14.267	TX0766L6T002400	297,667	-
Continuum of Care Program	14.267	TX0404L6T002308	204,635	-
Continuum of Care Program	14.267	TX0404L6T002409	92,111	-
Continuum of Care Program	14.267	TX0054L6T002316	2,307,891	535,173
Continuum of Care Program	14.267	TX0054L6T002417	2,223,081	528,253
Continuum of Care Program	14.267	TX0676D6T002301	320,399	135,317
Continuum of Care Program	14.267	TX0676D6T002402	56,046	47,767
Continuum of Care Program	14.267	TX0680D6T002200	350,422	74,516
Continuum of Care Program	14.267	TX0722D6T002300	1,272,579	376,515
Continuum of Care Program	14.267	TX0722D6T002401	954,285	242,502
Continuum of Care Program	14.267	TX0405L6T002308	269,447	-
Continuum of Care Program	14.267	TX0405L6T002409	292,087	-
Continuum of Care Program	14.267	TX0660H6T002200	1,757,781	671,725
Continuum of Care Program	14.267	TX0663H6T002200	329,248	157,154
Continuum of Care Program	14.267	TX0725L6T002300	555,247	303,480
Total Continuum of Care Program			12,247,438	3,072,402
Youth Homelessness Demonstration Program	14.276	TX0755Y6T002200	482,796	-
Youth Homelessness Demonstration Program	14.276	TX0752Y6T002200	209,698	209,102
Youth Homelessness Demonstration Program	14.276	TX0753Y6T002200	936,545	351,524
Youth Homelessness Demonstration Program	14.276	TX0756Y6T002200	214,294	74,808
Youth Homelessness Demonstration Program	14.276	TX0754Y6T002200	527,768	136,538
Total Youth Homelessness Demonstration Program			2,371,101	771,972
Passed through City of Dallas:				
Home Investment Partnership Program	14.239	OHS-2021-00017109	16,597	-
Home Investment Partnership Program	14.239	OHS-2025-00027132	180,631	-
Home Investment Partnership Program	14.239	OHS-2025-00027135	965,554	965,554
Total Home Investment Partnership Program			1,162,782	965,554
Total U.S. Department of Housing and Urban Development			15,781,321	4,809,928
U.S. Department of Treasury				
Passed through City of Dallas:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	OHS-2025-00026568	2,343,427	74,951
Total U.S. Department of Treasury			2,343,427	74,951
Total Expenditures of Federal Awards			\$ 18,124,748	\$ 4,884,879

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 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). 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 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, 2025:

CAS	\$ 177,938
CoC	299,621
DH	749,477
HMIS	79,992
RRH	<u>328,415</u>
Total	<u><u>\$ 1,635,443</u></u>

4. Reconciliation of Schedule to Statement of Activities

The Organization received grants totaling \$2,429,916 that were included in government grant revenue on the statement of activities that are not subject to the Uniform Guidance and therefore were not included on the Schedule.



**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 of
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, 2025, 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 21, 2026.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
September 21, 2026



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 of
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, 2025. 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, 2025.

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.



A Limited Liability Partnership

Arlington, Texas
September 21, 2026

Housing Forward
Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

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

<i>Identification of major federal programs:</i>	<u>Assistance Listing Number</u>
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Youth Homelessness Demonstration Program	14.276
Continuum of Care Program	14.267
Dollar threshold used to distinguish between type A and type B programs:	\$1,000,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Year Audit Findings

None