

Bethany House Services, Inc. and Subsidiary

**Consolidated Financial Statements with Supplementary Information
December 31, 2024 with
Summarized Comparative Totals for December 31, 2023, and
Independent Auditors' Report**

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY
December 31, 2024
With Summarized Comparative Totals for December 31, 2023

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Independent Auditors' Report

To the Board of Directors
Bethany House Services, Inc. and Subsidiary
Cincinnati, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bethany House Services, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bethany House Services, Inc. and Subsidiary as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethany House Service's Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Independent Auditors' Report
(Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bethany House Services, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethany House Services, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Bethany House Services, Inc. and Subsidiary's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Independent Auditors' Report
(Continued)**

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position, consolidating statement of activities, and 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*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of financial position, consolidating statement of activities, and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2025 on our consideration of Bethany House Services, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bethany House Service, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethany House Services, Inc. and Subsidiary's internal control over financial reporting and compliance.



April 9, 2025
Cincinnati, Ohio

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position December 31, 2024 with Summarized Comparative Totals for December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Assets				
Current:				
Cash and cash equivalents	\$ 3,736,196	\$ -	\$ 3,736,196	\$ 2,897,631
Pledges receivable	-	1,388,035	1,388,035	262,531
Grants receivable	805,263	-	805,263	708,349
Prepaid expenses and other	48,207	-	48,207	32,592
Total current assets	4,589,666	1,388,035	5,977,701	3,901,103
Noncurrent assets:				
Pledges receivable, net	-	481,948	481,948	530,760
Investments - endowment and other	1,641,040	727,518	2,368,558	2,222,608
Property and equipment, net	17,313,349	-	17,313,349	17,602,394
Operating lease right-of-use assets	39,279	-	39,279	60,843
Note receivable	12,557,900	-	12,557,900	12,557,900
Total assets	<u>\$ 36,141,234</u>	<u>\$ 2,597,501</u>	<u>\$ 38,738,735</u>	<u>\$ 36,875,608</u>
Liabilities and Net Assets				
Liabilities				
Current:				
Accounts payable	\$ 31,685	\$ -	\$ 31,685	\$ 127,076
Accrued expenses	240,827	-	240,827	251,666
Refundable advances	31,316	-	31,316	24,631
Tenant deposits	17,090	-	17,090	16,690
Operating lease liabilities	18,569	-	18,569	21,564
Total current liabilities	339,487	-	339,487	441,627
Operating lease liabilities, net	20,710	-	20,710	39,279
Notes payable, net	15,990,948	-	15,990,948	15,974,055
Total liabilities	16,351,145	-	16,351,145	16,454,961
Net Assets	<u>19,790,089</u>	<u>2,597,501</u>	<u>22,387,590</u>	<u>20,420,647</u>
Total liabilities and net assets	<u>\$ 36,141,234</u>	<u>\$ 2,597,501</u>	<u>\$ 38,738,735</u>	<u>\$ 36,875,608</u>

See accompanying notes to consolidated financial statements

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidated Statement of Activities Year Ended December 31, 2024 with Summarized Comparative Totals for December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Public support				
Contributions	\$ 2,192,139	\$ 466,130	\$ 2,658,269	\$ 2,154,085
Capital campaign contributions for new shelter building and services	650,000	1,008,366	1,658,366	260,434
Special events	388,668	-	388,668	374,647
Less direct benefit costs	(89,459)	-	(89,459)	(81,514)
Donated materials	328,083	-	328,083	339,511
Total public support	3,469,431	1,474,496	4,943,927	3,047,163
Revenue				
Rental agent and other fees	293,819	-	293,819	264,061
Government grants and other contracts	6,874,296	-	6,874,296	5,581,877
Miscellaneous income	4,344	-	4,344	7,922
Total revenue	7,172,459	-	7,172,459	5,853,860
Net assets released from restrictions	761,576	(761,576)	-	-
Total public support and revenue	11,403,466	712,920	12,116,386	8,901,023
Expenses				
Program services	8,604,387	-	8,604,387	7,413,940
Management and general	1,248,491	-	1,248,491	978,172
Fundraising	698,640	-	698,640	640,943
Total expenses	10,551,518	-	10,551,518	9,033,055
Change in net assets from operations	851,948	712,920	1,564,868	(132,032)
Nonoperating revenue				
Investment return, net	330,168	71,907	402,075	476,758
Gain on debt extinguishment	-	-	-	1,000,000
Change in net assets	1,182,116	784,827	1,966,943	1,344,726
Net assets, beginning of year	18,607,973	1,812,674	20,420,647	19,075,921
Net assets, end of year	\$ 19,790,089	\$ 2,597,501	\$ 22,387,590	\$ 20,420,647

See accompanying notes to consolidated financial statements

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses Year Ended December 31, 2024 with Summarized Comparative Totals for December 31, 2023

	Program Services					Supporting Services			Total	
	Shelter	Family Services	Housing	Bethany Homes	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2024	2023
Salaries	\$ 737,178	\$ 465,697	\$ 1,063,811	\$ -	\$ 2,266,686	\$ 539,285	\$ 399,733	939,018	\$ 3,205,704	\$ 2,902,404
Employee benefits	58,950	49,024	111,812	-	219,786	47,427	21,357	68,784	288,570	352,429
Payroll taxes	61,154	37,805	85,804	-	184,763	42,629	31,994	74,623	259,386	242,133
Total salaries and related expenses	857,282	552,526	1,261,427	-	2,671,235	629,341	453,084	1,082,425	3,753,660	3,496,966
Specific assistance to individuals	319,037	11,020	3,315,294	-	3,645,351	482	-	482	3,645,833	2,561,268
Professional fees	156,792	66,872	120,391	16,294	360,349	289,303	52,874	342,177	702,526	648,478
Maintenance and repairs	163,356	90,376	150,869	135,875	540,476	100,656	44,320	144,976	685,452	540,950
Food and other donated goods	279,223	173,814	259	-	453,296	1,040	34,283	35,323	488,619	515,212
Interest expense	61,319	29,327	53,321	-	143,967	23,766	13,330	37,096	181,063	218,598
Equipment and supplies	33,834	52,694	3,356	13,358	103,242	27,701	4,678	32,379	135,621	149,905
Utilities	33,530	17,909	31,291	29,191	111,921	13,274	6,879	20,153	132,074	92,545
Insurance	21,439	11,640	19,291	-	52,370	13,114	4,530	17,644	70,014	64,486
Telephone	17,850	8,986	24,342	-	51,178	9,092	4,341	13,433	64,611	61,668
Miscellaneous	552	1,030	3,476	573	5,631	35,862	7,613	43,475	49,106	55,525
Staff professional fees	4,106	3,068	5,350	-	12,524	24,604	10,688	35,292	47,816	27,413
Travel and conferences	763	-	34,374	-	35,137	138	867	1,005	36,142	31,568
Printing	-	20	-	-	20	78	20,899	20,977	20,997	27,660
Support contracts	-	-	-	-	-	19,148	-	19,148	19,148	32,155
Total expenses before depreciation	1,949,083	1,019,282	5,023,041	195,291	8,186,697	1,187,599	658,386	1,845,985	10,032,682	8,524,397
Depreciation	166,483	80,106	145,445	25,656	417,690	60,892	40,254	101,146	518,836	508,658
Total expenses	<u>\$ 2,115,566</u>	<u>\$ 1,099,388</u>	<u>\$ 5,168,486</u>	<u>\$ 220,947</u>	<u>\$ 8,604,387</u>	<u>\$ 1,248,491</u>	<u>\$ 698,640</u>	<u>\$ 1,947,131</u>	<u>\$ 10,551,518</u>	<u>\$ 9,033,055</u>

See accompanying notes to consolidated financial statements

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows Year Ended December 31, 2024 with Summarized Comparative Totals for December 31, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,966,943	\$ 1,344,726
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	518,836	508,658
Net realized and unrealized gains on investments	(164,027)	(263,300)
Amortization of debt issuance costs included in interest expense	16,893	16,892
Gain on debt extinguishment	-	(1,000,000)
Contributions restricted for capital campaign	(1,008,366)	(260,434)
Changes in:		
Pledges receivable, net	(253,951)	20,618
Grants receivable	(96,914)	130,437
Prepaid expenses and other	(15,615)	5,611
Accounts payable	(95,391)	(1,734,540)
Accrued expenses	(10,839)	59,551
Refundable advances	6,685	(11,121)
Tenant deposits	400	1,846
Net cash provided by (used in) operating activities	<u>864,654</u>	<u>(1,181,056)</u>
Cash flows from investing activities		
Purchases of property and equipment	(229,791)	(36,475)
Proceeds from sale of investments	754,880	1,210,931
Purchases of investments	(736,803)	(1,136,373)
Net cash provided by (used in) investing activities	<u>(211,714)</u>	<u>38,083</u>
Cash flows from financing activities		
Borrowings on line of credit	-	280,000
Payments on line of credit	-	(280,000)
Principal payments on notes payable	-	(3,320,950)
Proceeds from contributions restricted for capital campaign	185,625	3,711,767
Net cash provided by investing activities	<u>185,625</u>	<u>390,817</u>
Net change in cash and cash equivalents	838,565	(752,156)
Cash and cash equivalents, beginning of year	<u>2,897,631</u>	<u>3,649,787</u>
Cash and cash equivalents, end of year	<u>\$ 3,736,196</u>	<u>\$ 2,897,631</u>
Supplemental Cash Flow Information		
Interest paid	\$ 164,170	\$ 201,705

See accompanying notes to consolidated financial statements

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Bethany House Services, Inc. (BHS) is the one of the largest providers of emergency shelter and HUD housing programs for families experiencing homelessness in Hamilton County. Comprehensive, family-centered services begin with emergency assistance and case management for eligible families to prevent homelessness. For families who have lost housing, BHS provides emergency shelter, assistance finding jobs and housing, and life skills education. Continued case management and rental assistance is provided for families entering HUD housing programs. Families continue to receive services after they leave the emergency shelter and/or housing programs. BHS wrap-around services address each family's current needs and seek to prevent repeat episodes of homelessness.

In addition, BHS is the lead agency of the Family Housing Partnership (FHP), which is a collaboration of the four family shelters in Cincinnati—The Salvation Army, Interfaith Hospitality Network of Greater Cincinnati, and YWCA Greater Cincinnati. The FHP provides a coordinated, integrated approach to serving homeless families by collaborating with a network of community service providers. The goal of this collaboration is to improve the quality of services through professional development and advancing best practices across the family system, including shelter, housing, Trauma Informed Care, children's programming, and aftercare.

Significant funding is received from the State of Ohio and the City of Cincinnati for shelter operations. The majority of the funding for the Family Housing Partnership, Rapid Re-Housing and Permanent Supportive Housing is received from the Department of Housing and Urban Development.

Bethany House Services Holding, Inc. (the Holding Company) is incorporated in the State of Ohio, designated as a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code and is exempt from federal, state and local income taxes. The Holding Company was organized exclusively for the purpose of holding title to real property, collecting income, and turning over the entire amount, less expenses, to BHS. BHS is the sole member of the Holding Company.

Principles of Consolidation

The consolidated financial statement include the accounts of Bethany House Services, Inc., and Bethany House Services Holding, Inc. (collectively, BHS). All significant inter-organizational balances and transactions have been eliminated.

Financial Statement Presentation

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the BHS's financial statements for the year ended December 31, 2023 from which the comparative information was derived.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). BHS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which have no donor-imposed restriction; and net assets with donor restriction which have donor-imposed restrictions that will expire in the future or do not expire.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

BHS considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of money market deposit accounts. BHS maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. BHS has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Pledges and Grants Receivable

Receivables are written off as uncollectible after BHS has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at both December 31, 2024 and 2023 since BHS expects no material losses.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred. BHS capitalizes purchases of land, buildings and equipment in excess of \$5,000.

In accordance with GAAP, BHS assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, BHS believes no impairments exist at December 31, 2024 and 2023.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest, investment management fees, and realized and unrealized gains and losses on investments.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Investment Return (Continued)

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities net assets with donor restriction or net assets without donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

BHS's investments do not have a significant concentration of credit or market risk within any industry, specific institution or group of investments.

Note Receivable and Allowance for Credit Losses

BHS provides an allowance for credit losses based upon review of outstanding receivables, historical collection information, existing economic conditions and individual credit evaluation and specific circumstances of the customer. As of December 31, 2024 and 2023, there is no allowance for credit losses associated with the note receivable.

Refundable Advances

Refundable advances represent cash advances received in excess of grant support earned.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, BHS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Other Contracts

Support funded by grants is recognized as BHS performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audits, adjustments could be required.

Donated Materials

Contributions of materials meeting the requirements for recognition have been recorded in the statement of activities as public support in-kind donations and in the statement of functional expenses at their estimated fair market values at the date of receipt.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individual providing the service and the service would typically need to be purchased if not donated.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities, accordingly, certain costs have been allocated among benefited programs and supporting services. The expenses that are allocated include salaries and related expenses, which are allocated on the basis of time and effort. All other expenses are either direct or are allocated using full-time equivalent or square footage.

Income Taxes

BHS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, BHS is subject to federal income tax on any unrelated business taxable income.

BHS's tax returns are subject to review and examination by federal, state and local authorities. BHS believes they have appropriate support for any tax positions taken, and therefore, do not have any uncertain income tax positions that are material to the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events were considered through April 9, 2025, the date which the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,736,196	\$ 2,897,631
Other pledges receivable, due within one year	223,135	62,006
Grants receivable	805,263	708,349
Less construction disbursement, asset management fee and interest reserve accounts	<u>(258,428)</u>	<u>(328,148)</u>
	<u>\$ 4,506,166</u>	<u>\$ 3,339,838</u>

BHS's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$2.5 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market deposit accounts. BHS has a \$750,000 line of credit (Note 7) available to meet cash flow needs. In addition, BHS has a board-designated endowment which is available for general expenditure with Board approval. BHS monitors cash flow monthly.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 3 NET ASSETS

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

	<u>2024</u>	<u>2023</u>
Restricted for use in subsequent years:		
Capital campaign pledges for new shelter and services	\$ 1,554,026	\$ 731,285
United Way allocation	50,000	50,000
Other pledges	265,957	12,006
Restricted as to purpose:		
Capital campaign for new shelter and services	-	250,000
Data software and employee training	-	33,643
Children's programming	-	25,000
Bethany Homes apartments	-	20,623
Endowments:		
Endowment earnings not yet appropriated for expenditure	160,155	122,754
Endowment funds (original corpus) required to be maintained in perpetuity	567,363	567,363
	<u>\$ 2,597,501</u>	<u>\$ 1,812,674</u>

Net assets without donor restrictions as of December 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 18,149,049	\$ 17,075,482
Board-designated endowment	1,641,040	1,532,491
	<u>\$ 19,790,089</u>	<u>\$ 18,607,973</u>

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable at December 31 consisted of the following:

	2024	2023
Due within one year	\$ 1,388,035	\$ 262,531
Due in one to five years	510,000	460,000
Due in more than five years	-	100,000
	<u>1,898,035</u>	<u>822,531</u>
Less unamortized discount	<u>(28,052)</u>	<u>(29,240)</u>
	<u><u>\$ 1,869,983</u></u>	<u><u>\$ 793,291</u></u>

In 2024, discount rates ranged from 0.110% to 3.730%. In 2023, discount rates ranged from 0.110% to 1.410%.

NOTE 5 INVESTMENTS AT FAIR VALUE

Investments at fair value at December 31 consisted of the following:

	2024	2023
Level 1:		
Fixed income mutual funds	\$ 755,488	\$ 735,453
Equity mutual funds	1,527,828	1,341,646
Common stock	1,461	93,518
Level 2:		
Money market funds	<u>83,781</u>	<u>51,991</u>
	<u><u>\$ 2,368,558</u></u>	<u><u>\$ 2,222,608</u></u>

Fair values for fixed income and equity mutual funds and common stock are determined by reference to quoted market prices. Fair value for money market funds is determined based on the value of underlying securities. There were no investments measured using level 3 inputs.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Land	\$ 813,438	\$ 813,438
Buildings and improvements	17,570,546	17,340,755
Furniture, equipment and vehicles	424,910	424,910
Less accumulated depreciation	<u>(1,495,545)</u>	<u>(976,709)</u>
	<u><u>\$ 17,313,349</u></u>	<u><u>\$ 17,602,394</u></u>

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 7 LINE OF CREDIT

BHS has a \$750,000 line of credit available from a bank that expires on May 1, 2025. The outstanding balance at December 31, 2024 and 2023 was \$-0-. The line of credit bears interest at an annual rate equal to prime rate minus 1.0% (prime rate was 7.50% at December 31, 2024). The line of credit is secured by the investment account of BHS.

NOTE 8 MORTGAGE NOTE PAYABLE

BHS had a mortgage note with an outstanding balance of \$1,000,000 as of as of December 31, 2022. The note was non-interest bearing to the City of Cincinnati and was due 5 years following August 6, 2021 (effective date of the mortgage note), and was forgivable in full upon completion of the project as long as the property continues to be used for the project's purpose. The note was secured by a mortgage on the property. During 2023, the project was completed and the note was forgiven and recognized as a gain on debt extinguishment in the consolidated statement of activities.

NOTE 9 NOTE RECEIVABLE AND NOTES PAYABLE

BHS financed the development and construction of its new shelter building through the New Market Tax Credit (NMTC) program. PNC New Markets Investment Partners, LLC contributed \$4,442,100 in Federal NMTC equity to BH Services Investment Fund, LLC (the Fund), an unaffiliated Delaware limited liability company. In conjunction with this equity investment, BHS made a loan totaling \$12,557,900 to the Fund. In turn, the Fund made three Qualifying Equity Investments (QEIs) in PNC CDE 121, LLC (sub-CDE 1), a Delaware limited liability company and community development entity (sub-CDE), Citywide Cincinnati Development Fund 38, LLC (sub-CDE 2), an Ohio limited liability company and sub-CDE, and New Markets Investment 135, LLC (sub-CDE 3), a Delaware limited liability company and sub-CDE. Sub-CDE 1, sub-CDE 2, and sub-CDE 3 made loans to the Holding Company for \$4,000,000, \$7,640,000, and \$4,800,000, respectively, which were used to finance the development and construction of its building project.

Note receivable and notes payable related to the NMTC program and other financing are as follows at December 31:

	2024	2023
Notes receivable:		
BH Services Investment Fund, LLC	<u>\$ 12,557,900</u>	<u>\$ 12,557,900</u>
Notes payable:		
PNC CDE 121, LLC	\$ 4,000,000	\$ 4,000,000
Citywide Cincinnati Development Fund 38, LLC	7,640,000	7,640,000
New Markets Investment 135, LLC	4,800,000	4,800,000
Less debt issuance cost, net of amortization	<u>(449,052)</u>	<u>(465,945)</u>
	<u>\$ 15,990,948</u>	<u>\$ 15,974,055</u>

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 9 NOTE RECEIVABLE AND NOTES PAYABLE (CONTINUED)

The note receivable held by BHS is due over 26 years and compounds annually at an interest rate of 1.31%. The Fund will pay BHS annual interest-only payments of \$41,096 on the outstanding balance for the first twenty-eight quarterly payments beginning in September 2021 through August 2028. The Fund begins to make quarterly principal and interest payments of \$186,904 beginning in September 2028 through maturity in August 2047.

The Holding Company's first note payable consists of two promissory notes, Note A and Note B, both of which have an interest rate of 1.00% and are payable to sub-CDE 1. Note A is for \$2,954,800 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$143,969 through maturity on August 9, 2051. Note B is for \$1,045,200 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$50,926 through maturity on August 9, 2051.

The Holding Company's second note payable consists of two promissory notes, Note A and Note B, both of which have an interest rate of 1.00% and are payable to sub-CDE 2. Note A is for \$5,909,600 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$287,938 through maturity on August 9, 2051. Note B is for \$1,730,400 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$84,312 through maturity on August 9, 2051.

The Holding Company's third note payable consists of two promissory notes, Note A and Note B, both of which have an interest rate of 1.00% and are payable to sub-CDE 3. Note A is for \$3,693,500 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$179,962 through maturity on August 9, 2051. Note B is for \$1,106,500 and is payable quarterly over 30 years on March 5, June 5, September 5, and December 5 of each year. Interest only payments are due from September 5, 2021 to June 5, 2028. Beginning on September 5, 2028, the Holding Company begins to make quarterly principal and interest payments of \$53,913 through maturity on August 9, 2051.

Debt issuance costs consist of closing and financing costs totaling \$506,767 as of both December 31, 2024 and 2023. These costs are amortized using the straight-line method over the term of the notes. For the years ended December 31, 2024 and 2023, \$16,893 and \$16,892 of debt issuance costs has been recognized as interest expense, respectively. Accumulated amortization as of December 31, 2024 and 2023 totaled \$57,715 and \$40,822, respectively.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 9 NOTES RECEIVABLE AND NOTES PAYABLE (CONTINUED)

After the seven-year NMTC period expires, it is anticipated that PNC New Markets Investment Partners, LLC will exercise its put option to sell its ownership interest in the Fund to BHS for a predetermined amount, or BHS will exercise its call option to buy PNC New Markets Investment Partners, LLC's ownership interest, at fair market value, and the Fund will be liquidated and its assets distributed to BHS. In conjunction with this event, sub-CDE 1, sub-CDE 2, and sub-CDE 3 will be liquidated and its assets distributed to the Fund. Immediately after the exit transactions are completed, BHS will be the holder of the Holding Company's notes payable and, as such, the loans will be eliminated in the consolidated financial statements. It is anticipated that the loans will be discharged.

The loan agreements also have various affirmative and negative covenants, including certain reporting requirements. BHS has pledged various assets as collateral for all loans.

Construction Disbursement Account

Cash and cash equivalents include a construction disbursement account established for the loan proceeds to be used to fund the construction of the new shelter building. As of both December 31, 2024 and 2023, the construction disbursement account balance was \$8.

Asset Management Fee and Interest Reserve Accounts

Cash and cash equivalents include reserve accounts established for the Holding Company to pay annual asset management fees and interest incurred on its notes payable sub-CDE 1, sub-CDE 2, and sub-CDE 3 during the NMTC compliance period. The reserve accounts balances totaled to \$258,420 and \$328,140 as of December 31, 2024 and 2023, respectively.

Other Financing

BHS obtained one additional note providing total additional available financing of \$9,000,000 to assist in facilitating the construction project. Draws could be made on the note until January 31, 2023. On January 31, 2023, the draw note converted to a term note. Interest accrued on any unpaid balance at a rate equal to the Prime Rate less 1.26% (prime was 7.5% at December 31, 2024) and matured on August 5, 2026. The loan was secured by the general assets of BHS and personal guarantees obtained from private donors. All capital campaign pledge payments received by BHS from each guarantor were used to pay the principal balance outstanding under the term note within 60 days after such payments are received. The term note had certain non-financial covenants which must be met. \$4,700,000 was drawn against the term note and \$3,320,950 was repaid during the year ended December 31, 2023. The note was paid in full during 2023.

NOTE 10 LEASES

BHS leases certain equipment under noncancellable operating leases. The lease terms are 5 years, some of which may contain renewal options.

BHS has elected the following practical expedients: (1) not to separate lease components from non-lease components, (2) to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less, and (3) to apply a risk-free rate to measure lease liabilities for all existing classes of underlying assets. BHS applies the interest rate implicit in the lease, if available, or a risk-free rate.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 10 LEASES (CONTINUED)

The components of lease expense for year ending December 31 were as follows:

	2024	2023
Operating lease expense	\$ 22,755	\$ 22,755

Other information related to leases for year ending December 31 were as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows	\$ 22,755	\$ 22,755
Weighted average remaining lease term in years	2.13	3.00
Weighted average discount rate	2.48%	2.39%

Future minimum lease payments under non-cancellable leases as of December 31, 2024 were as follows:

	2024
2025	\$ 19,290
2026	16,815
2027	4,204
Total future minimum lease payments	40,309
Less present value discount	(1,030)
Lease liabilities	\$ 39,279

Related Party Lease

The Holding Company has entered into a master lease agreement with BHS to lease the building commencing on September 1, 2022 and ending August 31, 2052. The lease payments are set forth in the master lease and are receivable (payable) in monthly installments during each lease year. All inter-organizational balances and transactions related to this lease have been eliminated.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 11 DONATED MATERIALS AND CONTRIBUTED SERVICES

BHS receives in-kind contributions in the form of donated goods. The following table summarizes the donated goods received as of December 31:

	<u>2024</u>	<u>2023</u>
Program:		
Adopt-A-Family gifts	\$ 157,516	\$ 165,012
Clothing and household goods	118,143	136,998
Food	18,141	19,037
Fundraising:		
Silent auction items	<u>34,283</u>	<u>18,464</u>
	<u>\$ 328,083</u>	<u>\$ 339,511</u>

In-kind contributions received for program services are valued at the wholesale prices that would be received for selling similar products. In-kind contributions received for fundraising are valued based on the cost per item, which is consistent with fair market value.

In addition, a number of volunteers have contributed significant amounts of time to BHS for services for which no value has been recorded in the consolidated financial statements. Total unrecorded volunteer hours were 7,887 for 2024 and 7,515 for 2023.

NOTE 12 RETIREMENT PLAN

BHS maintains a 401(k) plan for the benefit of all employees. BHS made a 2% matching contribution of and \$48,498 and \$23,333 for the years ended December 31, 2024 and 2023, respectively.

NOTE 13 ENDOWMENT

BHS's endowment consists of board-designated and donor-restricted endowment funds established to provide income to the operations of BHS. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of BHS follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA provides guidance on matters concerning the governance and management of donor-restricted endowment funds. The original value of donated gifts to the donor-restricted endowment fund and the original value of subsequent gifts are classified as net assets with donor restrictions (a time restriction in perpetuity). Investment return from the donor-restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Board of Directors.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 13 ENDOWMENT (CONTINUED)

Endowment Net Asset Composition and Changes in Endowment Net Assets

The endowment net asset composition by type of fund is as follows for December 31, 2024:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment	\$ -	\$ 727,518	\$ 727,518
Board designated endowment	1,641,040	-	1,641,040
	<u>\$ 1,641,040</u>	<u>\$ 727,518</u>	<u>\$ 2,368,558</u>

The endowment net asset composition by type of fund is as follows for December 31, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment	\$ -	\$ 690,117	\$ 690,117
Board designated endowment	1,532,491	-	1,532,491
	<u>\$ 1,532,491</u>	<u>\$ 690,117</u>	<u>\$ 2,222,608</u>

The changes in endowment and board designated net assets for the year ended December 31, 2024 and 2023 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - 12/31/22	\$ 1,398,665	\$ 624,920	\$ 2,023,585
Investment return, net	215,855	96,443	312,298
Appropriated for expenditure	(82,029)	(31,246)	(113,275)
Endowment net assets - 12/31/23	<u>\$ 1,532,491</u>	<u>\$ 690,117</u>	<u>\$ 2,222,608</u>
Investment return, net	\$ 159,678	\$ 71,907	\$ 231,585
Appropriated for expenditure	(51,129)	(34,506)	(85,635)
Endowment net assets - 12/31/24	<u>\$ 1,641,040</u>	<u>\$ 727,518</u>	<u>\$ 2,368,558</u>

Return Objectives and Risk Parameters

BHS has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth of assets sufficient to preserve the real purchasing power of the principal of its endowments. The return objective shall be accomplished using a balanced strategy of cash equivalents, equities and mutual funds, with a targeted 65/35 split between equities and fixed income. The performance objectives will be measured against appropriate industry benchmarks.

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements (Continued)

NOTE 13 ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, BHS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BHS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

BHS has a policy of appropriating for distribution each year a maximum of five percent of its previous twelve quarter moving average endowment fund balance or the previous year's distribution increased by the Consumer Price Index and additional amounts at the discretion of the Board of Directors. In establishing this policy, BHS considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with BHS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 14 CONDITIONAL CONTRIBUTIONS

BHS has numerous grants for which the grantor agencies' promises to give are conditioned upon BHS incurring certain qualifying expenses under the grant programs. At December 31, 2024 and 2023, BHS had remaining available award balances on federal and local government conditional grants and contracts of \$3,926,943 and \$4,138,838, respectively. These award balances are not recognized as assets and will be recognized as revenue as the conditions are met, generally as qualifying expenses are incurred.

In addition, at December 31, 2024 and 2023, BHS has \$-0- and \$1,650,000, respectively, of conditional contributions associated with the capital campaign for the new shelter building and services. These award balances are not recognized as assets and will be recognized as revenue as the conditions are met, generally as campaign and construction milestones are met.

NOTE 15 EMPLOYEE RETENTION CREDIT

During January 2024, BHS filed for the Employee Retention Credit (ERC) program under the Coronavirus Aid, Relief, and Economic Security's (CARES) Act for qualified wages paid to employees during the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021 and June 30, 2021. BHS submitted total claims of \$910,155 for these quarters and has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for the ERC. As of December 31, 2024 the claims have not been processed or received from the Internal Revenue Service and BHS has determined that the criteria to recognize the credits have not been met due to the uncertainty in the ERC program. As of April 9, 2025, BHS has not been notified of the status of the credits, as such, revenue was not recognized during 2024.

SUPPLEMENTARY INFORMATION

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidating Statement of Financial Position December 31, 2024

	Bethany House Services, Inc.	Bethany House Services Holding, Inc.	Eliminations	Consolidated Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,463,593	\$ 272,603	\$ -	\$ 3,736,196
Pledges receivable	1,388,035	-	-	1,388,035
Grants receivable	805,263	-	-	805,263
Prepaid expenses and other	48,207	-	-	48,207
Due from related party	2,300,698	-	(2,300,698)	-
Total current assets	<u>8,005,796</u>	<u>272,603</u>	<u>(2,300,698)</u>	<u>5,977,701</u>
Noncurrent assets:				
Pledges receivable, net	481,948	-	-	481,948
Deferred rent receivable	-	1,263,163	(1,263,163)	-
Investments - endowment and other	2,368,558	-	-	2,368,558
Property and equipment, net	505,379	16,807,970	-	17,313,349
Operating lease right-of-use assets	11,729,248	-	(11,689,969)	39,279
Notes receivable	12,557,900	-	-	12,557,900
Total assets	<u>\$ 35,648,829</u>	<u>\$ 18,343,736</u>	<u>\$ (15,253,830)</u>	<u>\$ 38,738,735</u>
Liabilities and Net Assets				
Liabilities				
Current liabilities:				
Accounts payable	\$ 31,685	\$ -	\$ -	\$ 31,685
Accrued expenses	240,827	-	-	240,827
Refundable advances	31,316	-	-	31,316
Tenant deposits	17,090	-	-	17,090
Operating lease liabilities	18,569	-	-	18,569
Due to related party	-	2,300,698	(2,300,698)	-
Total current liabilities	<u>339,487</u>	<u>2,300,698</u>	<u>(2,300,698)</u>	<u>339,487</u>
Operating lease liabilities, net	12,973,842	-	(12,953,132)	20,710
Notes payable, net	-	15,990,948	-	15,990,948
Total liabilities	<u>13,313,329</u>	<u>18,291,646</u>	<u>(15,253,830)</u>	<u>16,351,145</u>
Net Assets				
Without donor restrictions	19,737,999	52,090	-	19,790,089
With donor restrictions	2,597,501	-	-	2,597,501
Total net assets	<u>22,335,500</u>	<u>52,090</u>	<u>-</u>	<u>22,387,590</u>
Total liabilities and net assets	<u>\$ 35,648,829</u>	<u>\$ 18,343,736</u>	<u>\$ (15,253,830)</u>	<u>\$ 38,738,735</u>

See independent auditors' report

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Consolidating Statement of Activities For the Year Ended December 31, 2024

	Bethany House Services, Inc.	Bethany House Services Holding, Inc.	Eliminations	Consolidated Total
Public support				
Contributions	\$ 2,658,269	\$ -	\$ -	\$ 2,658,269
Capital campaign contributions for new shelter building and services	1,658,366	-	-	1,658,366
Special events	388,668	-	-	388,668
Less direct benefit costs	(89,459)	-	-	(89,459)
Donated materials	328,083	-	-	328,083
Total public support	4,943,927	-	-	4,943,927
Revenue				
Rental agent and other fees	293,819	-	-	293,819
Government grants and other contracts	6,874,296	-	-	6,874,296
Miscellaneous income	4,344	-	-	4,344
Lease revenue	-	713,856	(713,856)	-
Total revenue	7,172,459	713,856	(713,856)	7,172,459
Total public support and revenue	12,116,386	713,856	(713,856)	12,116,386
Expenses				
Program service	8,695,741	482,606	(573,960)	8,604,387
Management and general	1,190,611	150,186	(92,306)	1,248,491
Fundraising	701,544	44,686	(47,590)	698,640
Total expenses	10,587,896	677,478	(713,856)	10,551,518
Change in net assets from operations	1,528,490	36,378	-	1,564,868
Nonoperating revenue				
Investment return, net	402,045	30	-	402,075
Change in net assets	1,930,535	36,408	-	1,966,943
Net assets, beginning of year	20,404,965	15,682	-	20,420,647
Net assets, end of year	<u>\$ 22,335,500</u>	<u>\$ 52,090</u>	<u>\$ -</u>	<u>\$ 22,387,590</u>

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BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
<i>Passed through Ohio Department of Education:</i>				
Children and Adult Food Program	10.558	N/A	\$ -	\$ 240,897
Total U.S. Department of Agriculture			-	240,897
U.S. Department of Housing and Urban Development				
<i>Passed through Strategies to End Homelessness:</i>				
Continuum of Care Program	14.267	20230303	-	1,290,999
Continuum of Care Program	14.267	20230248BHS	-	148,590
Continuum of Care Program	14.267	20230718	-	279,682
Continuum of Care Program	14.267	20230598	-	134,718
Continuum of Care Program	14.267	20230542	-	297,104
Continuum of Care Program	14.267	20240303	-	1,510,684
Continuum of Care Program	14.267	20240248BHS	-	155,965
Continuum of Care Program	14.267	20240718	-	456,702
Continuum of Care Program	14.267	20240598	-	151,111
Continuum of Care Program	14.267	20240542	-	296,024
Total CFDA 14.267			-	4,721,579
<i>Passed through Ohio Development Services Agency:</i>				
Emergency Solutions Grant Program	14.231	N-L-22-7KC-1	-	219,950
Emergency Solutions Grant Program	14.231	N-L-24-7KC-1	-	88,921
<i>Passed through Strategies to End Homelessness:</i>				
Emergency Solutions Grant Program	14.231	20243001	-	197,579
Total CFDA 14.231			-	506,450
<i>Passed through Hamilton County, Ohio</i>				
Home Investment Partnerships Program	14.239	M-21-UP-39-021	-	39,479
Total U.S. Department of Housing and Urban Development			-	5,267,508
U.S. Department of Homeland Security				
<i>Passed through United Way of Greater Cincinnati:</i>				
Emergency Food and Shelter National Board Program	97.024	N/A	-	28,000
Total U.S. Department of Homeland Security			-	28,000
U.S. Department of Health and Human Services				
<i>Passed through Ohio Department of Jobs and Family Services:</i>				
Temporary Assistance for Needy Families	93.558	G-2425-17-0345	-	200,000
Total U.S. Department of Health and Human Services			-	200,000
Total Expenditures of Federal Awards			\$ -	\$ 5,736,405

(Continued)

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2024

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Bethany House Services, Inc. and Subsidiary for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented on this schedule may differ from those amounts presented in, or used in, the preparation of the basic consolidated financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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.

NOTE 3 INDIRECT COST RATE

Bethany House Services, Inc. and Subsidiary has elected to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

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**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**

To the Board of Directors
Bethany House Services, Inc. and Subsidiary
Cincinnati, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Bethany House Services, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 9, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

**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
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

April 9, 2025
Cincinnati, Ohio



**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
Bethany House Services, Inc. and Subsidiary
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bethany House Services, Inc and Subsidiary's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bethany House Services, Inc. and Subsidiary's major federal programs for the year ended December 31, 2024. Bethany House Services, Inc. and Subsidiary'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, Bethany House Services, Inc. and Subsidiary 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 of Opinion on Each Major Federal Program

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

We are required to be independent of Bethany House Services, Inc. and Subsidiary 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 Bethany House Services, Inc. and Subsidiary'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 Bethany House Service, Inc. and Subsidiary's federal programs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE (CONTINUED)**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bethany House Service, Inc. and Subsidiary'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 Bethany House Service, Inc. and Subsidiary'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 Bethany House Service, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

Report on Internal Control Over Compliance

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE (CONTINUED)**

Report on Internal Control Over Compliance (Continued)

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 is expressed.

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

Barnes, Dennig & Co., Ltd.

April 9, 2025
Cincinnati, Ohio

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

**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 weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes X No

Identification of Major Programs

CFDA No.	Name of Federal Programs or Clusters
14.267	Continuum of Care Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

No matters are reportable

BETHANY HOUSE SERVICES, INC. AND SUBSIDIARY

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024**

Reference Number	Summary of Finding	Status
No matters are reportable		

