



COMMITTEE ON TEMPORARY SHELTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

**JMM & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

COMMITTEE ON TEMPORARY SHELTER, INC.

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VT License #92-0000171

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Committee on Temporary Shelter, Inc.
Burlington, Vermont

Opinion

We have audited the accompanying financial statements of Committee on Temporary Shelter, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of Committee on Temporary Shelter, Inc. as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Committee on Temporary Shelter, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1, Committee on Temporary Shelter, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces prior guidance found in FASB ASC 840. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (continued)

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 Committee on Temporary Shelter, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted 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 Committee on Temporary Shelter, Inc.'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 Committee on Temporary Shelter, Inc.'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.

A handwritten signature in cursive script that reads "Jmm & Associates".

November 22, 2024

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash - unrestricted	\$ 320,040	\$ 226,373
Cash - restricted	143,660	154,198
Grants, contracts and rents receivable	332,575	357,568
Current portion of gifts receivable	183,000	270,000
Prepaid expenses	20,717	19,701
	<u>999,992</u>	<u>1,027,840</u>
TOTAL CURRENT ASSETS		
	<u>999,992</u>	<u>1,027,840</u>
PROPERTY AND EQUIPMENT		
Land, buildings, equipment and website	5,050,391	4,937,970
Construction in progress	-	194,328
	<u>5,050,391</u>	<u>5,132,298</u>
Less accumulated depreciation	<u>(3,154,134)</u>	<u>(3,006,181)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>1,896,257</u>	<u>2,126,117</u>
OTHER ASSETS		
Restricted cash - noncurrent	1,323,724	1,017,905
Gifts receivable, net of current portion	53,583	530,275
Notes receivable - related party, net of \$285,000 allowance	906,000	906,000
Investments in marketable securities	4,860,679	4,277,196
Investments in marketable securities restricted for Main Street project	1,000,000	1,000,000
Investment in COTS Housing Inc.	2,343,126	2,343,126
Investment in Main Street Family Housing LP	821,176	-
	<u>11,308,288</u>	<u>10,074,502</u>
TOTAL OTHER ASSETS		
	<u>11,308,288</u>	<u>10,074,502</u>
TOTAL ASSETS	<u>\$ 14,204,537</u>	<u>\$ 13,228,459</u>

See accompanying notes.

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable	\$ 34,668	\$ 28,663
Accrued payroll and related taxes	174,350	198,130
Accrued expenses	26,179	30,773
Deferred revenue	26,467	89,096
TOTAL CURRENT LIABILITIES	261,664	346,662
LONG-TERM LIABILITIES		
Security deposits payable	18,240	17,223
TOTAL LONG-TERM LIABILITIES	18,240	17,223
TOTAL LIABILITIES	279,904	363,885
NET ASSETS		
Net assets without donor restrictions:		
Designated:		
Building funds	976,959	950,969
Main Street campaign	75,000	75,000
Subtotal - designated	1,051,959	1,025,969
Undesignated	10,168,707	8,866,227
Total net assets without donor restrictions	11,220,666	9,892,196
Net assets with donor restrictions	2,703,967	2,972,378
TOTAL NET ASSETS	13,924,633	12,864,574
TOTAL LIABILITIES AND NET ASSETS	\$ 14,204,537	\$ 13,228,459

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Public contributions	\$ 2,313,662	\$ 2,441,800
Program grants	1,297,693	1,210,181
United Way	37,914	49,282
Rent and program income	472,403	420,505
Project development fees	120,000	-
Miscellaneous income	72,795	542,000
Gain on disposal of assets	264,976	1,045
Investment income (loss)	614,871	(729,843)
Subtotal - Support and Revenue	5,194,314	3,934,970
Net assets released from restrictions	374,411	75,516
TOTAL SUPPORT AND REVENUE	5,568,725	4,010,486
EXPENSES		
Program services:		
Prevention services	808,915	777,857
Family shelters	779,676	728,175
Individual shelters	904,553	702,882
Transitional housing	73,677	89,346
Permanent housing	435,961	398,834
Motel outreach	393,266	217,059
Veterans housing	-	89,800
Total Program services	3,396,048	3,003,953
Support services:		
General and administrative	315,087	276,133
Fundraising	529,120	483,738
Total Support services	844,207	759,871
TOTAL EXPENSES	4,240,255	3,763,824
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,328,470	246,662
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	9,892,196	9,645,534
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 11,220,666	\$ 9,892,196

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS SUPPORT AND REVENUE		
Contributions - programs	\$ 105,000	\$ 220,000
Capital gifts	1,000	1,642,156
	<u>106,000</u>	<u>1,862,156</u>
Net assets released from restrictions	<u>(374,411)</u>	<u>(75,516)</u>
TOTAL SUPPORT AND REVENUE	<u>(268,411)</u>	<u>1,786,640</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(268,411)	1,786,640
BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	<u>2,972,378</u>	<u>1,185,738</u>
ENDING NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,703,967</u>	<u>\$ 2,972,378</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ 1,060,059</u>	<u>\$ 2,033,302</u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES - 2023

**FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Prevention Services</u>	<u>Family Shelters</u>	<u>Individual Shelters</u>	<u>Transitional Housing</u>	<u>Permanent Housing</u>	<u>Motel Outreach</u>	<u>Total Program Services</u>
Salaries and wages	\$ 487,223	\$ 455,675	\$ 529,524	\$ 27,139	\$ 47,533	\$ 266,987	\$ 1,814,081
Payroll taxes	36,074	33,744	39,099	2,044	3,541	19,478	133,980
Fringe benefits	61,554	50,397	57,545	2,483	4,609	31,656	208,244
Total Personnel	<u>584,851</u>	<u>539,816</u>	<u>626,168</u>	<u>31,666</u>	<u>55,683</u>	<u>318,121</u>	<u>2,156,305</u>
Occupancy	29,417	132,342	107,258	31,325	221,499	12,303	534,144
Depreciation	41,913	39,138	45,451	4,568	4,113	22,879	158,062
Contract labor	9,845	14,797	52,316	518	1,009	5,889	84,374
Accounting and audit	860	1,121	924	202	2,418	660	6,185
Other expenses	747	(851)	895	38	92,420	470	93,719
Information technology	34,678	17,855	18,707	1,886	3,793	8,333	85,252
Advertising and promotion	5,449	4,290	3,225	28	214	4,085	17,291
Prevention	65,601	-	-	-	3,055	-	68,656
Insurance	14,011	13,083	15,193	740	1,375	7,648	52,050
Client supplies and activities	14,137	5,972	28,920	1,295	1,093	6,828	58,245
Bad debt	-	-	-	992	36,102	-	37,094
Office expenses	3,129	2,999	2,414	76	225	979	9,822
Legal and professional	-	5,182	-	-	12,280	-	17,462
Training and development	3,800	2,469	2,773	337	657	1,474	11,510
Travel	477	1,463	309	6	14	3,597	5,866
Interest expense	-	-	-	-	11	-	11
TOTAL EXPENSES	<u>\$ 808,915</u>	<u>\$ 779,676</u>	<u>\$ 904,553</u>	<u>\$ 73,677</u>	<u>\$ 435,961</u>	<u>\$ 393,266</u>	<u>\$ 3,396,048</u>

See accompanying notes.

	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>2023 Total</u>	<u>2022 Total</u>
Salaries and wages	\$ 94,182	\$ 254,889	\$ 349,071	\$ 2,163,152	\$ 2,054,831
Payroll taxes	7,820	17,891	25,711	159,691	152,297
Fringe benefits	21,852	36,347	58,199	266,443	200,668
Total Personnel	<u>123,854</u>	<u>309,127</u>	<u>432,981</u>	<u>2,589,286</u>	<u>2,407,796</u>
Occupancy	7,218	12,450	19,668	553,812	451,761
Depreciation	10,106	22,296	32,402	190,464	170,014
Contract labor	36,159	28,059	64,218	148,592	65,999
Accounting and audit	114,051	23,506	137,557	143,742	50,664
Other expenses	7,681	4,611	12,292	106,011	162,383
Information technology	7,519	12,160	19,679	104,931	106,338
Advertising and promotion	3,461	80,733	84,194	101,485	89,588
Prevention	-	-	-	68,656	105,825
Insurance	2,905	7,453	10,358	62,408	51,557
Client supplies and activities	115	295	410	58,655	48,427
Bad debt	-	-	-	37,094	-
Office expenses	1,279	22,373	23,652	33,474	28,334
Legal and professional	-	-	-	17,462	11,842
Training and development	706	5,101	5,807	17,317	10,890
Travel	33	956	989	6,855	2,287
Interest expense	-	-	-	11	119
TOTAL EXPENSES	<u><u>\$ 315,087</u></u>	<u><u>\$ 529,120</u></u>	<u><u>\$ 844,207</u></u>	<u><u>\$ 4,240,255</u></u>	<u><u>\$ 3,763,824</u></u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES - 2022
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Prevention Services</u>	<u>Family Shelters</u>	<u>Individual Shelters</u>	<u>Transitional Housing</u>	<u>Permanent Housing</u>	<u>Motel Outreach</u>	<u>Veterans Housing</u>
Salaries and wages	\$ 472,694	\$ 445,880	\$ 458,369	\$ 28,769	\$ 66,707	\$ 181,053	\$ -
Payroll taxes	34,776	33,299	34,138	2,106	4,921	13,664	-
Fringe benefits	47,039	37,555	39,564	1,335	3,192	2,806	-
Total Personnel	<u>554,509</u>	<u>516,734</u>	<u>532,071</u>	<u>32,210</u>	<u>74,820</u>	<u>197,523</u>	<u>-</u>
Occupancy	37,435	95,804	98,776	31,364	157,213	2,074	-
Depreciation	7,428	50,368	23,873	18,086	63,047	1,074	-
Other expenses	687	4,363	2,233	825	56,404	-	89,800
Information technology	32,813	12,832	11,460	1,385	9,722	11,934	-
Prevention	96,190	-	-	-	9,635	-	-
Advertising and promotion	9,890	3,220	1,992	(40)	428	2,425	-
Contract labor	864	1,258	857	62	136	-	-
Insurance	6,630	14,428	10,254	3,363	11,449	-	-
Accounting and audit	6,069	8,941	5,970	484	2,321	-	-
Client supplies and activities	19,578	14,583	11,089	1,068	663	1,446	-
Office expenses	2,724	1,431	1,737	125	182	583	-
Legal and professional	54	235	-	-	11,553	-	-
Training and development	2,446	3,542	2,426	176	384	-	-
Travel	540	420	135	225	796	-	-
Interest expense	-	16	9	13	81	-	-
TOTAL EXPENSES	<u><u>\$ 777,857</u></u>	<u><u>\$ 728,175</u></u>	<u><u>\$ 702,882</u></u>	<u><u>\$ 89,346</u></u>	<u><u>\$ 398,834</u></u>	<u><u>\$ 217,059</u></u>	<u><u>\$ 89,800</u></u>

See accompanying notes.

	Total Program Services	General & Administrative	Fundraising	Total Support Services	2022 Total
Salaries and wages	\$ 1,653,472	\$ 154,408	\$ 246,951	\$ 401,359	\$ 2,054,831
Payroll taxes	122,904	11,604	17,789	29,393	152,297
Fringe benefits	131,491	30,815	38,362	69,177	200,668
Total Personnel	<u>1,907,867</u>	<u>196,827</u>	<u>303,102</u>	<u>499,929</u>	<u>2,407,796</u>
Occupancy	422,666	11,398	17,697	29,095	451,761
Depreciation	163,876	2,976	3,162	6,138	170,014
Other expenses	154,312	375	7,696	8,071	162,383
Information technology	80,146	10,372	15,820	26,192	106,338
Prevention	105,825	-	-	-	105,825
Advertising and promotion	17,915	4,824	66,849	71,673	89,588
Contract labor	3,177	41,711	21,111	62,822	65,999
Insurance	46,124	2,201	3,232	5,433	51,557
Accounting and audit	23,785	3,722	23,157	26,879	50,664
Client supplies and activities	48,427	-	-	-	48,427
Office expenses	6,782	874	20,678	21,552	28,334
Legal and professional	11,842	-	-	-	11,842
Training and development	8,974	853	1,063	1,916	10,890
Travel	2,116	-	171	171	2,287
Interest expense	119	-	-	-	119
TOTAL EXPENSES	<u><u>\$ 3,003,953</u></u>	<u><u>\$ 276,133</u></u>	<u><u>\$ 483,738</u></u>	<u><u>\$ 759,871</u></u>	<u><u>\$ 3,763,824</u></u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contracts	\$ 1,257,136	\$ 1,133,974
Cash received from contributions	2,543,468	2,445,907
Rent and program income	549,136	482,349
Interest received	150,326	119,256
Cash paid to suppliers for goods and services	(2,599,908)	(1,333,100)
Cash paid for salaries, taxes and benefits	(2,613,066)	(2,420,110)
Interest paid	(11)	(119)
	<u>(712,919)</u>	<u>428,157</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(197,445)	(295,156)
Investment in Main Street Family Housing LP	(276,848)	-
Proceeds from sales of investments	911,030	1,810,096
Purchases of investments	187,330	(2,244,590)
	<u>624,067</u>	<u>(729,650)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from capital gifts	477,800	1,152,056
	<u>477,800</u>	<u>1,152,056</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
INCREASE IN UNRESTRICTED AND RESTRICTED CASH	388,948	850,563
BEGINNING UNRESTRICTED AND RESTRICTED CASH	<u>1,398,476</u>	<u>547,913</u>
ENDING UNRESTRICTED AND RESTRICTED CASH	<u>\$ 1,787,424</u>	<u>\$ 1,398,476</u>
REPORTED ON THE STATEMENTS OF FINANCIAL POSITION AS:		
Cash - unrestricted	\$ 320,040	\$ 226,373
Cash - restricted	143,660	154,198
Restricted cash - noncurrent	1,323,724	1,017,905
	<u>\$ 1,787,424</u>	<u>\$ 1,398,476</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY		
Investment in Main Street Family Housing LP	\$ 544,328	\$ -
Forgiveness of Paycheck Protection Program loan	-	479,550
	<u>\$ 544,328</u>	<u>\$ 479,550</u>

See accompanying notes.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Committee on Temporary Shelter, Inc. (COTS or the Organization) is a nonprofit organization, incorporated in the State of Vermont on December 15, 1983. COTS is the largest service provider for the homeless and those at risk of becoming homeless in Vermont. Funding for the Organization is provided by various federal, state and private grants. Additionally, contributions from individuals, foundations, businesses, religious organizations, and others provide funds to supplement grants for specific programs.

COTS provides emergency shelter, prevention services and housing for people who are without homes or who are marginally housed. COTS advocates for long-term solutions to end homelessness. We believe in the value and dignity of every human life; we believe that emergency shelter is not the answer to homelessness; and we believe that housing is a fundamental human right.

Programs and activities

COTS' program services include:

Prevention Services - The Housing Resource Center was opened in 2008 and provides housing retention, placement and comprehensive outreach services to homeless and low-income persons. Housing navigation services are a component of *Prevention Services*.

COTS' Housing Navigators provide one-on-one services to families and individuals with an intense focus on housing placement and connection to resources to enhance household income. The Housing Navigators also connect clients to a broad range of federal, state and community resources including government assistance, employment support services, financial literacy, and asset building programs.

Family Shelters - The Firehouse Family Shelter (opened in 1988) and Main Street Family Shelter (opened in 2002) are the only two family shelters in Chittenden County. They provide temporary shelter for 15 families with children.

Individual Shelters - The Waystation (opened in 1982) is a 36-bed emergency shelter for men and women, ages 18 and older, that provides safe and decent shelter 365 nights a year. The Daystation (opened in 1988) is a daytime drop-in center offering refuge from the streets every day from 9am - 5pm.

Transitional Housing - The Smith House opened in 2002 to provide chronically homeless and hardest-to-house individuals moving out of shelters with transitional housing for four to six months. The Smith House has seven single-room occupancy units and full-time support personnel.

Permanent Housing - The Wilson Hotel (purchased in 1984) and St. John's Hall (purchased in 1991) provide 40 single-room occupancy (SRO) units and four apartments - permanent housing for formerly homeless as well as low-income senior citizens and veterans. In the renovated 95 North Avenue building and as part of a limited partnership ownership interest, COTS owns 14 units of permanently affordable housing.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs and activities (continued)

Motel Outreach - During the pandemic, the State of Vermont placed a significant number of homeless people in motels across the State. COTS formed a team of outreach workers to address the ongoing, daily needs of this population. Services are similar to those provided by COTS Housing Navigators, and occur onsite at motels primarily in Chittenden County. This program is funded by the State of Vermont with CARES Act and similar funding.

Veterans Housing - In February 2011, COTS opened a new facility in Winooski to provide 16 units of transitional housing for homeless veterans, or those at risk of homelessness. In addition to Veterans Housing, the building provided 12 units of affordable, permanent housing for tenants meeting income requirements. Because of significant declines in the numbers of homeless veterans, COTS ended the veterans housing program during fiscal year 2020. Costs of winding down the program continued into fiscal year 2021; fiscal year 2022 includes the remainder of the VA recapture as disclosed in Note 12.

More detailed information on all of the Organization's programs may be found by visiting www.cotsonline.org.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded as incurred.

Financial statement presentation

Committee on Temporary Shelter, Inc. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Estimates

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

Cash and cash equivalents

For purposes of the Statements of Cash Flows, Committee on Temporary Shelter, Inc. considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank per depositor. Amounts in excess of the FDIC limit were approximately \$0 and \$1,161,000 as of September 30, 2023 and 2022, respectively.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases and adoption of new accounting standard

Effective October 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which replaces the prior guidance for leases found in FASB ASC 840. ASU 2016-02 requires lessees with operating leases to recognize a right-of-use asset and related lease liability for leases with terms of 12 months or more. The Organization chose the Transition Alternative method of adoption which does not require the standard to be applied retroactively to each prior reporting period presented. The restatement had no effect on the change in net assets for 2023 or 2022.

If a contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Organization has elected to separate lease and non-lease components for all leases. The Organization has elected to use the risk-free rate to determine the discount rate for all leases.

The Organization has established a capitalization threshold of \$60,000 for lease accounting.

The Organization has elected the option to separate right-of-use assets and liabilities for operating leases from right-of-use assets and lease liabilities for financing leases on the Statements of Financial Position.

As a lessee, management has determined that there were no material leases as of September 30, 2023 that required reporting a right-of-use asset or liability.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and fair value measurements

Investments are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment return in the Statements of Activities.

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset. Accounting principles in the United States of America establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The three levels of the fair value hierarchy are described below:

Level 1 - inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs include quoted prices for similar assets or liabilities in active markets; identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 - inputs are unobservable and significant to the fair value measurement.

Contributed nonfinancial assets and adoption of new accounting standard

Effective October 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which improves transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The effects of the new standard have been applied retrospectively to each prior reporting period presented. The restatement had no effect on the net assets as of October 1, 2022.

Donated services, assets and facilities

Donated services that meet certain criteria are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Numerous volunteers perform various clerical functions to support program activities. No amounts have been reflected in the financial statements for donated services since they do not meet the criteria for recognition.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Committee on Temporary Shelter, Inc. reports its contributions as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statements of Activities as net assets released from restrictions.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, COTS reports expirations of donor restrictions when the donated assets or acquired assets are placed in service as instructed by the donor. COTS reclasses net assets with donor restrictions to net assets without donor restrictions at that time.

Grants

A portion of COTS' revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provisions. COTS recognizes other grant and contract funds as the revenue is earned. In accordance with the normal policies of the granting organizations, COTS may retain unexpended funds for use in future periods provided expenses incurred are in compliance with the specified terms of each grant as defined. The organizations may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by COTS with the terms of the grants. In addition, if COTS terminates providing services, all unexpended funds are to be returned to the funding sources.

Revenue recognition - contracts with customers

COTS recognizes project development fees as performance obligations outlined in development contracts are met.

Property and equipment

Property and equipment are carried at cost if purchased, or fair value if donated. Betterments that materially add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the appropriate program. COTS' policy is to capitalize acquisitions over \$1,000. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are charged to expense when incurred.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas. Indirect salaries have been allocated to the various program based on time estimates included in the annual budget. Other indirect costs are allocated based on methods determined by management, such as percentage of salaries and wages or square footage.

Income taxes

Committee on Temporary Shelter, Inc. is a nonprofit corporation exempt from income taxes under IRC Section 501(c)(3) except for net income derived from unrelated business income activities, if any. COTS has been classified as an organization that is not a private foundation under IRC 509(a)(2), and donations to the Organization qualify as charitable deductions for individual donors. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

2) LIQUIDITY

Committee on Temporary Shelter, Inc. regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also managing its funds to provide investment returns. COTS has various sources of liquidity at its disposal, primarily cash, receivables and investments.

The majority of contributions received by the Organization are intended to be used for regular operations; some donations are restricted to specific purposes within regular operations. A smaller amount of financial assets are restricted to the needs of specific buildings.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

2) LIQUIDITY (continued)

As of September 30, the following table shows the financial assets held by COTS and the amounts of those financial assets which could readily be made available within one year of the Statements of Financial Position dates to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash - unrestricted	\$ 320,040	\$ 226,373
Cash - restricted	1,467,384	1,172,103
Grants, contracts and rents receivable	332,575	357,568
Gifts receivable	236,583	800,275
Notes receivable - related party	906,000	906,000
Investments in marketable securities	5,860,679	5,277,196
Investment in COTS Housing Inc.	2,343,126	2,343,126
Investment in Main Street Family Housing LP	821,176	-
Total financial assets at year-end	<u>12,287,563</u>	<u>11,082,641</u>
Less amounts not available to meet general expenditures:		
Net assets with donor restrictions	(2,703,967)	(2,972,378)
Notes receivable - related party	(906,000)	(906,000)
Board-designated investments	(1,051,959)	(1,025,968)
Investment in COTS Housing Inc.	(2,343,126)	(2,343,126)
Investment in Main Street Family Housing LP	(821,176)	-
	<u>(7,826,228)</u>	<u>(7,247,472)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 4,461,335</u>	<u>\$ 3,835,169</u>

3) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	4,058,013	\$ 3,999,728
Equipment	826,978	798,492
Land and easement	139,750	139,750
Website	25,650	-
Construction in progress	-	194,328
	<u>5,050,391</u>	<u>5,132,298</u>
Accumulated depreciation	<u>(3,154,134)</u>	<u>(3,006,181)</u>
	<u>\$ 1,896,257</u>	<u>\$ 2,126,117</u>

Construction in progress consisted of assets for Main Street Family project placed in service in fiscal year 2023.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

4) RESTRICTED CASH

Restricted cash is maintained in accordance with donor requests. Restricted cash consists of restricted gifts received for the following at September 30:

	<u>2023</u>	<u>2022</u>
Programs	\$ 143,660	\$ 154,198
Capital campaign	<u>1,323,724</u>	<u>1,017,905</u>
	<u>\$ 1,467,384</u>	<u>\$ 1,172,103</u>

Restricted cash is presented in the Statements of Financial Position as of September 30:

Current	\$ 143,660	\$ 154,198
Noncurrent	<u>1,323,724</u>	<u>1,017,905</u>
	<u>\$ 1,467,384</u>	<u>\$ 1,172,103</u>

5) GIFTS RECEIVABLE

Gifts receivable consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 205,583	\$ 703,475
Receivable in one to three years	<u>31,000</u>	<u>96,800</u>
	<u>\$ 236,583</u>	<u>\$ 800,275</u>

Gifts receivable are recorded in the Statements of Financial Position as of September 30:

Current	\$ 183,000	\$ 270,000
Noncurrent	<u>53,583</u>	<u>530,275</u>
	<u>\$ 236,583</u>	<u>\$ 800,275</u>

Management has deemed the discount to net present value to be immaterial, and that all amounts are fully collectible.

In February 2023, COTS was notified that they were one of the beneficiaries in an estate in settlement. In December 2023, COTS was notified their portion was \$123,283 and the funds were received in March 2024.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

6) GRANTS, CONTRACTS AND RENTS RECEIVABLE

Grants, contracts and rents receivable represent grants due from the grantors and lessees in less than one year. Due to the current nature of the amounts, no allowance for uncollectible accounts has been recorded. There was no bad debt expense related to grants or contracts receivable for the years ended September 30, 2023 or 2022. Bad debt expense related to rents receivable was \$37,094 and \$0 for the years ended September 30, 2023 and 2022, respectively.

7) NOTES RECEIVABLE - RELATED PARTY

In December 2015, COTS received a promissory note receivable from 95 North Avenue Limited Partnership, a related party, for \$216,000. The note bears no interest, is due December 11, 2035 and is secured by a mortgage deed of the Borrower's affordable housing development at 95 North Avenue in Burlington, Vermont.

On the same date, COTS received an additional promissory note receivable from 95 North Avenue Limited Partnership for \$165,000. The note bears no interest, is due December 11, 2035 and is secured by a mortgage deed of the Borrower's affordable housing development at 95 North Avenue in Burlington, Vermont.

On the same date, COTS received a third promissory note receivable from 95 North Avenue Limited Partnership for \$100,000. The note bears no interest, is due December 11, 2035 and is secured by a mortgage deed of the Borrower's affordable housing development at 95 North Avenue in Burlington, Vermont.

On that same date, COTS received an additional promissory note receivable from 95 North Avenue Limited Partnership for \$310,000 for development fees. Due to the nature of the receivable, a \$285,000 allowance has been recorded. COTS received \$25,000 in development fees in fiscal year 2021.

In 2016, COTS received a \$400,000 grant from the Federal Home Loan Bank which was deposited directly into the 95 North Avenue Limited Partnership and recorded as a note payable to COTS. The note bears no interest, is due April 1, 2032 and is secured by a mortgage deed of the Borrower's affordable housing development at 95 North Avenue in Burlington, Vermont.

In 2017, COTS received a \$25,000 grant from the City of Burlington and loaned the funds to 95 North Avenue Limited Partnership. The note bears no interest, is due December 11, 2035 and is secured by a mortgage deed of the Borrower's affordable housing development at 95 North Avenue in Burlington, Vermont.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

8) INVESTMENTS IN MARKETABLE SECURITIES

The fair value of COTS marketable securities consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Mutual funds:		
Equity mutual funds	\$ 146,977	\$ 116,118
International mutual funds	127,109	111,430
	<hr/>	<hr/>
Subtotal - mutual funds	274,086	227,548
Cash and money funds	149,554	243,463
Money market funds	280,000	-
Fixed income securities	2,931,311	2,875,130
Equity securities	2,207,208	1,912,845
Other	18,520	18,210
	<hr/>	<hr/>
Total investments measured at fair value	<u>\$ 5,860,679</u>	<u>\$ 5,277,196</u>

COTS' investments include both funds with donor restrictions and without donor restrictions. The investments include \$1,000,000 of Main Street Family Housing project funds reported as net assets with donor restrictions. All of COTS' long-term investments have readily determinable fair values and are carried at fair value as determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1 inputs).

Additional analysis of the fair values and cost of investments by category were as follows as of:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
September 30, 2023:			
Cash and money funds	\$ 149,554	\$ 149,554	\$ -
Money market funds	280,000	280,000	-
Mutual funds	274,086	285,139	(11,053)
Fixed income securities	2,931,311	3,172,927	(241,616)
Equity securities	2,207,208	1,477,748	729,460
Other	18,520	25,249	(6,729)
	<hr/>	<hr/>	<hr/>
	<u>\$ 5,860,679</u>	<u>\$ 5,390,617</u>	<u>\$ 470,062</u>
 September 30, 2022:			
Cash and money funds	\$ 243,463	\$ 243,463	\$ -
Mutual funds	227,548	251,375	(23,827)
Fixed income securities	2,875,130	3,129,553	(254,423)
Equity securities	1,912,845	1,532,893	379,952
Other	18,210	25,249	(7,039)
	<hr/>	<hr/>	<hr/>
	<u>\$ 5,277,196</u>	<u>\$ 5,182,533</u>	<u>\$ 94,663</u>

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

8) INVESTMENTS IN MARKETABLE SECURITIES (continued)

Investment return consisted of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 178,962	\$ 148,369
Realized gain	89,146	41,915
Unrealized gain (loss)	375,399	(891,014)
Investment fees	<u>(28,636)</u>	<u>(29,113)</u>
	<u>\$ 614,871</u>	<u>\$ (729,843)</u>

9) INVESTMENT IN COTS HOUSING, INC.

In August 2015, COTS created a wholly-owned subsidiary entity, COTS Housing, Inc., which is a general partner with a 0.0045% equity interest in 95 North Avenue Limited Partnership (Level 3 inputs). This investment is classified as Level 3 in the fair value hierarchy. The total equity investments at September 30, 2023 and 2022 were \$2,343,126. At the end of the 15-year tax credit term, the ownership of this building will revert back to COTS.

In November 2022, COTS Housing, Inc., a wholly owned subsidiary of COTS, became a general partner with a 0.005% equity interest in the Main Street Family Housing Limited Partnership. COTS assigned \$2,260,985 of assets to COTS Housing, Inc., which then assigned the assets to the Main Street Family Housing LP. In fiscal year 2023, COTS made an equity contribution of \$821,176 which consisted of \$276,848 in cash, \$194,328 in construction in progress and \$350,000 in land contributions. COTS contributed an additional \$500,000 in cash in January 2024 and another \$639,809 in cash in February 2024. In total, at completion, COTS invested \$1,960,985, of which \$350,000 was designated as land contributions. COTS Housing, Inc. is a guarantor for a portion of any operating losses incurred by the partnership until the partnership has achieved Stabilized Occupancy for at least 60 months.

COTS received a Congressionally Directed Spending earmark for the Main Street Family Housing project in the amount of \$825,000. Notification of the award was received in December 2022; funds were received in June 2024 and transferred to the Main Street Family Housing LP. The award reduced COTS' assigned equity contribution by \$300,000. The award also reduced contributions from the Vermont Housing and Conservation Board and the City of Burlington.

10) RETIREMENT PLAN

COTS sponsors a discretionary contribution 403(b) plan which matched 100% of eligible employees' contributions up to 1% of salary for participants with one to three years of service, and up to 2% of salary for participants with three or more years of service. The employer contribution vests after two years of service to COTS. Total retirement expenses were \$38,604 and \$35,516 for the years ended September 30, 2023 and 2022, respectively.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

11) LEASES

In January 2011, COTS entered into a 30-year lease agreement with Canal Street Housing Limited Partnership for a housing program at the Canal Street veterans housing project in Winooski, Vermont. COTS Veterans Housing Inc., a subsidiary of COTS, owns 0.5% of the Partnership. The lease required monthly payments of \$13,671, which could be adjusted annually based on actual square footage and unit expenses as calculated by the Partnership. During fiscal year 2020, the General Partners agreed that given the significant decline in the number of homeless veterans, lease payments would be reduced proportionately by the number of veteran program units converted to regular affordable apartments. By September 30, 2020, all units were converted and lease payments are now zero. The General Partners finalized legal documentation of this lease change in December 2023. Canal Street continues to operate as a partnership with Evernorth and the investors as a Low-Income Housing Tax Credit (LIHTC) property.

Effective April 1, 2017, COTS signed an operating lease with 95 North Avenue Limited Partnership, a related party. The lease, which expires on March 31, 2033, contains two components. Firstly, COTS will pay monthly rent of \$352, that increases 3% annually, to fund a maintenance reserve for the 95 North Avenue property. Secondly, COTS will pay monthly rent of \$5,958 for the first year, thereafter to be computed as the share of the common area costs attributable to the portion occupied by COTS. The first component is subject to ASU 2016-02 for leases, but falls below COTS' adopted lease capitalization threshold of \$60,000. The second component is variable, and as such is not subject to the new lease standard or included in future minimum lease commitments.

Total facility rent expenses were \$66,075 and \$65,529 for the years ended September 30, 2023 and 2022, respectively. Variable lease costs for the years ended September 30, 2023 and 2022 were immaterial to the financial statements.

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

2024	\$	3,000
2025		3,000
2026		4,000
2027		4,000
2028		4,000
Thereafter		<u>68,000</u>
	\$	<u>86,000</u>

12) COMMITMENTS AND CONTINGENCIES

COTS' Main Street Family Shelter is subject to a housing subsidy covenant under which the property must be maintained as affordable residential housing, and the property may not be sold without written permission from the Vermont Housing and Conservation Board (VHCB). As part of the construction of Main Street Family Housing project, the land at Main Street was contributed to the Main Street Family Housing Partnership with permission of VHCB. The VHCB subsidy covenant remains intact. 278 Main Street now has a condominium structure. Unit 1 consists of the existing shelter building and is wholly owned by COTS. Unit 2 is the newly constructed apartment building owned by Main Street Family Housing LP.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

12) COMMITMENTS AND CONTINGENCIES (continued)

In January 2020, COTS was notified that the Veterans Administration (VA) intended to pursue partial recapture of the original \$1,240,000 VA grant 08-746-VT made in 2010 to COTS, which COTS passed through to the Canal Street Housing Limited Partnership for the construction of the Canal Street building in Winooski. This notification began a process, through which COTS' ultimate obligation to the VA would be determined. In June 2020, the VA provided an estimate of \$179,800 for this liability, a cost expected to be shared with Evernorth (formerly Housing Vermont, Inc.). Although not a final determination, COTS accrued a contingent liability of \$90,000 for the year ended September 30, 2021. COTS was unsuccessful in requesting a waiver of the VA recapture, and in fiscal year 2022, COTS paid the \$179,800 obligation, which included the prior year accrual.

13) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted to time or purpose as of September 30:

	<u>2023</u>	<u>2022</u>
Main Street Family Housing project	\$ 2,377,024	\$ 2,664,675
Risk pool	86,735	86,735
Children's mental health	76,692	50,000
Housing community enrichment liaison	50,000	-
Housing Resource Center	40,000	112,452
Wilson renovations	15,000	-
Children's enrichment	80	80
Future periods	58,436	58,436
	<u>\$ 2,703,967</u>	<u>\$ 2,972,378</u>

14) DESIGNATED NET ASSETS

Designated net assets are comprised of funds designated by the Board of Directors for COTS' properties, and a \$75,000 donation, without donor restriction, reserved by the board for the Main Street Housing capital campaign.

COMMITTEE ON TEMPORARY SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

15) CAPITAL CAMPAIGN

In 2022, COTS launched the Main Street Family Housing capital campaign "Bringing Vermont Families Home". Cumulatively, COTS raised approximately \$2.7 million in private funds, mostly from major donors and family foundations. These funds, paired with publicly-funded grants and low-income housing tax credits, allowed for the construction of 16 new units of housing, specifically for families with children who have experienced homelessness. The new building was built adjacent to COTS' existing family shelter, in-filling an underutilized lot. The location is ideal for families - directly across from a school and playground, steps away from a public bus stop and moments from the amenities of the downtown area. The campaign concluded in 2022 and exceeded its goal. Construction began in November 2022, and the project was fully occupied in April 2024. The final financial closing was in process as of the date of this report.

16) REVENUE FROM CONTRACTS WITH CUSTOMERS

COTS provided services to customers under a contract for project development fees. A contract with a customer may create legal rights and obligations whether or not the contract is in writing. The rights and obligations under the contract may, in turn, give rights to contract assets and contract liabilities.

Performance obligations are satisfied when the performance obligations is met and the services delivered. Revenues related to contracts with customers was \$120,000 and \$0 for the years ended September 30, 2023 and 2022, respectively. There were no contract assets or liabilities as of the beginning or end of fiscal years 2023 or 2022.

17) SUBSEQUENT EVENTS

As disclosed in Note 5, in December 2023, COTS was notified of a bequest receivable of \$123,283 and the funds were received in March 2024.

As disclosed in Note 9, COTS contributed \$500,000 in cash to COTS Housing, Inc. for the Main Street Family Housing project in January 2024 and another \$639,809 in February 2024.

As also disclosed in Note 9, COTS received a Congressionally Directed Spending earmark for the Main Street Family Housing project which reduced COTS assigned equity contribution by \$300,000.

As disclosed in Note 11, the General Partners of Canal Street Housing Limited Partnership legally terminated the 30-year lease agreement in December 2023.

Committee on Temporary Shelter, Inc. has evaluated events and transactions for potential recognition or disclosure through November 22, 2024, the date the financial statements were available to be issued.