



**ALPHA PROJECT FOR THE HOMELESS**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

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*A Partnership of Professional Corporations*

## **Independent Auditor's Report**

To the Board of Directors  
Alpha Project for the Homeless

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Alpha Project for the Homeless (a nonprofit organization), which comprise the statements of financial position as of June 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 Alpha Project for the Homeless as of June 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 audits 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alpha Project for the Homeless, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alpha Project for the Homeless' 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 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 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 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 Alpha Project for the Homeless' 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 Alpha Project for the Homeless' 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.

***Change in Accounting Principle***

As described in Note 2 to the financial statements, Alpha Project for the Homeless adopted accounting standards changes related to accounting for and disclosing leasing arrangements. Our opinion is not modified with respect to this matter.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of Alpha Project for the Homeless' 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 Alpha Project for the Homeless' 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 Alpha Project for the Homeless' internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California  
March 27, 2024

**ALPHA PROJECT FOR THE HOMELESS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b><u>Current Assets:</u></b> (Notes 2, 4, 5 and 6)		
Cash and cash equivalents	\$ 7,142,402	\$ 7,321,346
Investments	4,198,295	4,218,748
Grants and contracts receivable	9,935,997	2,950,240
Prepaid expenses	151,992	26,332
Note receivable, current portion	-	36,312
Total Current Assets	<u>21,428,686</u>	<u>14,552,978</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2, 4, 6, 7 and 8)		
Note receivable, net of current portion	1,000,000	880,327
Deposits	2,787	10,356
Right of use asset - operating lease, net	248,142	-
Property and equipment, net	2,743,061	2,774,698
Beneficial interest in endowment funds	64,490	62,383
Total Noncurrent Assets	<u>4,058,480</u>	<u>3,727,764</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 25,487,166</u></u>	<u><u>\$ 18,280,742</u></u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Notes 2, 7 and 9)		
Accounts payable	\$ 782,424	\$ 407,900
Accrued expenses	919,894	721,543
Client trust	1,347	1,667
Operating lease liability, current	83,250	-
Current portion of notes payable	-	5,882
Total Current Liabilities	<u>2,320,130</u>	<u>1,136,992</u>
<b><u>Noncurrent Liabilities:</u></b> (Note 9)		
Operating lease liability, net of current portion	162,323	-
Notes payable, net of current portion	442,500	442,500
Interest payable	93,438	89,687
Total Noncurrent Liabilities	<u>698,261</u>	<u>532,187</u>
Total Liabilities	<u>3,018,391</u>	<u>1,669,179</u>
<b><u>Commitments and Contingencies</u></b> (Notes 12 and 13)		
<b><u>Net Assets:</u></b> (Notes 2, 10 and 11)		
Without Donor Restrictions	<u>22,273,141</u>	<u>16,405,632</u>
With Donor Restrictions:		
Purpose restriction	131,144	143,548
Time restriction	14,390	12,283
Perpetual in nature	50,100	50,100
Total Net Assets With Donor Restrictions	<u>195,634</u>	<u>205,931</u>
Total Net Assets	<u>22,468,775</u>	<u>16,611,563</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 25,487,166</u></u>	<u><u>\$ 18,280,742</u></u>

The accompanying notes are an integral part of the financial statements.

**ALPHA PROJECT FOR THE HOMELESS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support:</b>						
Grants and contracts	\$ 28,793,377	\$ -	\$ 28,793,377	\$ 21,027,948	\$ -	\$ 21,027,948
Program revenues	4,397,940	-	4,397,940	3,390,539	-	3,390,539
Miscellaneous income	3,460,062	-	3,460,062	133,328	-	133,328
Contributions	2,056,525	35,420	2,091,945	1,328,682	78,695	1,407,377
Development and other fees	1,674,372	-	1,674,372	115,681	-	115,681
In-kind contributions	1,149,825	-	1,149,825	2,282,225	-	2,282,225
Investment income (loss)	415,885	4,119	420,004	(211,521)	(2,588)	(214,109)
Net assets released from restrictions	49,836	(49,836)	-	40,499	(40,499)	-
Total Revenues and Support	<u>41,997,822</u>	<u>(10,297)</u>	<u>41,987,525</u>	<u>28,107,381</u>	<u>35,608</u>	<u>28,142,989</u>
<b>Expenses:</b>						
<b>Program Services:</b>						
Shelter programs and services	16,825,398	-	16,825,398	11,484,232	-	11,484,232
Rehabilitation program services	6,300,731	-	6,300,731	5,678,761	-	5,678,761
Permanent housing programs and services	6,487,553	-	6,487,553	5,210,540	-	5,210,540
Work programs	2,052,180	-	2,052,180	2,329,800	-	2,329,800
Permanent supportive housing assistance	2,567,714	-	2,567,714	2,016,847	-	2,016,847
Other programs	473,880	-	473,880	522,301	-	522,301
Total Program Services	<u>34,707,456</u>	<u>-</u>	<u>34,707,456</u>	<u>27,242,481</u>	<u>-</u>	<u>27,242,481</u>
<b>Supporting Services:</b>						
Management and general	1,303,246	-	1,303,246	743,225	-	743,225
Fundraising	119,611	-	119,611	104,394	-	104,394
Total Supporting Services	<u>1,422,857</u>	<u>-</u>	<u>1,422,857</u>	<u>847,619</u>	<u>-</u>	<u>847,619</u>
Total Expenses	<u>36,130,313</u>	<u>-</u>	<u>36,130,313</u>	<u>28,090,100</u>	<u>-</u>	<u>28,090,100</u>
Change in Net Assets	5,867,509	(10,297)	5,857,212	17,281	35,608	52,889
Net Assets at Beginning of Year	16,405,632	205,931	16,611,563	16,388,351	170,323	16,558,674
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 22,273,141</u>	<u>\$ 195,634</u>	<u>\$ 22,468,775</u>	<u>\$ 16,405,632</u>	<u>\$ 205,931</u>	<u>\$ 16,611,563</u>

The accompanying notes are an integral part of the financial statements.

**ALPHA PROJECT FOR THE HOMELESS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services						Supporting Services			
	Shelter Programs and Services	Rehabilitation Program Services	Permanent Housing Programs and Services	Work Programs	Permanent Supportive Housing Assistance	Other Programs	Total Program Services	Management and General	Fund- Raising	Total Expenses
<b>Salaries and Related Expenses:</b>										
Salaries and wages	\$ 7,440,610	\$ 3,755,630	\$ 2,820,928	\$ 1,169,629	\$ 798,293	\$ 265,894	\$ 16,250,984	\$ 359,729	\$ 36,072	\$ 16,646,785
Payroll taxes and fringe benefits	1,347,414	839,271	562,669	245,222	161,105	53,712	3,209,393	(96,591)	2,384	3,115,186
Total Salaries and Related Expenses	8,788,024	4,594,901	3,383,597	1,414,851	959,398	319,606	19,460,377	263,138	38,456	19,761,971
<b>Nonsalary Related Expenses:</b>										
Adminstration	159,071	64,724	73,471	27,661	10,293	5,300	340,520	-	-	340,520
Advertising and marketing	337	-	-	-	-	-	337	53,281	13,857	67,475
Auto and truck	21,728	47,613	9,151	64,232	49,441	8,105	200,270	24,426	-	224,696
Bank fees	2,303	-	6,098	33	-	-	8,434	11,597	-	20,031
Bus tokens	10,675	18	18,774	-	400	-	29,867	-	-	29,867
Client assist	20	-	1,635,929	-	-	12,207	1,648,156	7,799	-	1,655,955
Contracted services	-	-	-	-	7,586	-	7,586	24,146	-	31,732
Depreciation	42,204	42,459	101,744	89,884	6,553	13,566	296,410	70,355	-	366,765
Drug testing	-	39,289	-	-	-	-	39,289	-	-	39,289
Dues and subscriptions	15,715	3,445	20,183	648	1,554	2,071	43,616	12,870	-	56,486
Equipment rental	3,021,546	33,865	91,404	4,857	4,705	2,211	3,158,588	55,657	-	3,214,245
Food	3,192,491	624,206	22,841	7,439	927,892	28,707	4,803,576	8,516	-	4,812,092
Fundraising	-	-	-	-	-	-	-	-	50,376	50,376
Gasoline	81,677	51,954	68,341	88,106	4,447	9,132	303,657	37,873	-	341,530
In-kind expenses	111,919	305,891	377,522	-	356,810	-	1,152,142	1,028	-	1,153,170
Insurance	84,683	55,723	24,475	42,097	4,901	6,524	218,403	2,409	-	220,812
Interest	-	-	9	56	-	-	65	-	-	65
Licenses and fees	13,725	48,455	2,979	12,262	431	841	78,693	11,546	-	90,239
Medical expense	17,057	12,665	-	23	641	-	30,386	70,367	-	100,753
Meetings	2,580	439	7,533	-	1,399	-	11,951	61,188	-	73,139
Miscellaneous	358	3,751	18,925	-	25	769	23,828	21,461	-	45,289
Office expense	56,394	17,188	21,648	777	3,288	937	100,232	812	-	101,044
Parking	760	299	231	12	-	36,394	37,696	1,855	-	39,551
Postage	143	200	37	18	-	9	407	3,528	186	4,121
Professional fees	67,986	48,287	30,828	9,632	89,801	2,846	249,380	361,299	-	610,679
Property taxes	-	21,868	-	1,803	-	33	23,704	-	-	23,704
Rent	893	8,610	147,016	-	-	4,403	160,922	10,211	-	171,133
Repairs and maintenance	91,115	23,377	68,183	14,240	24,623	960	222,498	82,445	-	304,943
Stipends	-	2,760	-	194,548	-	393	197,701	-	-	197,701
Supplies	684,008	85,124	118,234	56,244	106,349	6,742	1,056,701	65,737	16,434	1,138,872
Technology	59,346	18,820	35,568	-	5,629	-	119,363	239	-	119,602
Telephone	93,350	26,296	43,060	2,720	1,290	8,942	175,658	5,733	302	181,693
Training	-	4,994	2,606	-	198	-	7,798	399	-	8,197
Trash	88,982	25,408	-	15,624	-	-	130,014	-	-	130,014
Travel	-	5	151,128	-	60	598	151,791	10,928	-	162,719
Uniforms	58,620	19,306	-	-	-	-	77,926	-	-	77,926
Utilities	57,688	68,791	6,038	4,413	-	2,584	139,514	22,403	-	161,917
<b>Total Expenses</b>	<b>\$ 16,825,398</b>	<b>\$ 6,300,731</b>	<b>\$ 6,487,553</b>	<b>\$ 2,052,180</b>	<b>\$ 2,567,714</b>	<b>\$ 473,880</b>	<b>\$ 34,707,456</b>	<b>\$ 1,303,246</b>	<b>\$ 119,611</b>	<b>\$ 36,130,313</b>

The accompanying notes are an integral part of the financial statements.



**ALPHA PROJECT FOR THE HOMELESS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services							Supporting Services		
	Shelter Programs and Services	Rehabilitation Program Services	Permanent Housing Programs and Services	Work Programs	Permanent Supportive Housing Assistance	Other Programs	Total Program Services	Management and General	Fund- Raising	Total Expenses
<b>Salaries and Related Expenses:</b>										
Salaries and wages	\$ 4,943,519	\$ 3,577,947	\$ 2,116,485	\$ 1,385,967	\$ 618,459	\$ 277,478	\$ 12,919,855	\$ 254,963	\$ 33,714	\$ 13,208,532
Payroll taxes and fringe benefits	787,087	669,228	354,495	266,828	116,241	45,107	2,238,986	22,345	5,057	2,266,388
Total Salaries and Related Expenses	5,730,606	4,247,175	2,470,980	1,652,795	734,700	322,585	15,158,841	277,308	38,771	15,474,920
<b>Nonsalary Related Expenses:</b>										
Adminstration	90,371	99,342	48,463	23,694	7,787	4,547	274,204	(113,606)	-	160,598
Advertising and marketing	194	504	194	1,127	91	-	2,110	55,882	13,970	71,962
Auto and truck	28,795	22,267	16,243	52,748	90	4,229	124,372	18,364	-	142,736
Bank fees	114	-	6,226	-	36	-	6,376	36,407	-	42,783
Bus tokens	2,764	244	12,362	-	-	-	15,370	-	-	15,370
Client assist	346	249	1,480,531	650	-	21,799	1,503,575	3,795	-	1,507,370
Contracted services	-	-	-	-	23,931	-	23,931	33,980	-	57,911
Depreciation	50,555	53,245	88,323	91,328	5,639	33,743	322,833	52,493	-	375,326
Drug testing	270	21,886	-	-	-	-	22,156	-	-	22,156
Dues and subscriptions	12,419	3,984	17,240	648	1,479	2,055	37,825	11,444	-	49,269
Equipment rental	1,853,206	33,913	18,640	9,391	4,300	2,013	1,921,463	83,166	-	2,004,629
Food	1,603,304	477,211	10,575	1,787	631,581	30,698	2,755,156	2,977	-	2,758,133
Fundraising	-	-	-	-	-	-	-	1,679	38,547	40,226
Gasoline	66,144	44,568	15,334	86,969	1,529	10,543	225,087	33,533	-	258,620
In-kind expenses	997,928	275,049	540,032	-	450,297	-	2,263,306	18,923	-	2,282,229
Insurance	51,107	35,890	24,712	34,034	6,530	10,891	163,164	39,061	-	202,225
Interest	-	9	276	504	-	29	818	-	-	818
Licenses and fees	12,557	5,605	997	11,719	530	1,957	33,365	3,612	-	36,977
Medical expense	55	10,592	-	-	345	-	10,992	34,236	-	45,228
Meetings	791	4,894	22,898	-	810	1,017	30,410	45,422	-	75,832
Miscellaneous	934	8,848	10,337	169	-	49	20,337	(28,900)	-	(8,563)
Office expense	74,371	17,682	16,618	107	1,266	1,090	111,134	10,431	-	121,565
Parking	107	421	61	-	-	36,000	36,589	408	-	36,997
Postage	55	223	268	55	-	-	601	5,703	289	6,593
Professional fees	27,705	43,219	19,882	11,118	89,736	13,836	205,496	15,892	-	221,388
Property taxes	-	29,996	-	1,782	-	34	31,812	-	-	31,812
Rent	-	7,945	115,224	-	-	-	123,169	8,556	-	131,725
Repairs and maintenance	61,302	37,418	25,161	7,619	3,396	7,489	142,385	13,881	-	156,266
Stipends	-	5,060	31,868	231,282	-	-	268,210	1,499	-	269,709
Supplies	580,624	66,336	-	75,968	49,336	4,536	776,800	50,559	12,640	839,999
Technology	57,593	17,402	48,767	3,792	1,851	1,146	130,551	440	-	130,991
Telephone	37,750	23,659	39,112	686	1,574	9,230	112,011	3,360	177	115,548
Training	-	3,801	109	-	13	20	3,943	2,126	-	6,069
Trash	54,280	20,994	-	12,227	-	-	87,501	193	-	87,694
Travel	211	-	103,180	-	-	15	103,406	11,974	-	115,380
Uniforms	19,857	2,131	-	14,524	-	594	37,106	8,427	-	45,533
Utilities	67,917	56,999	25,927	3,077	-	2,156	156,076	-	-	156,076
<b>Total Expenses</b>	<b>\$ 11,484,232</b>	<b>\$ 5,678,761</b>	<b>\$ 5,210,540</b>	<b>\$ 2,329,800</b>	<b>\$ 2,016,847</b>	<b>\$ 522,301</b>	<b>\$ 27,242,481</b>	<b>\$ 743,225</b>	<b>\$ 104,394</b>	<b>\$ 28,090,100</b>

The accompanying notes are an integral part of the financial statements.

**ALPHA PROJECT FOR THE HOMELESS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 5,857,212	\$ 52,889
<b>Adjustments to reconcile change in net assets to net cash provided by operations:</b>		
Depreciation	366,765	375,326
Amortization of right of use asset	68,155	-
Net realized and unrealized (gains) loss on investments	(158,472)	491,284
Beneficial interest in endowment funds (gain) loss	(4,119)	2,588
<b>(Increase) Decrease in:</b>		
Grants and contracts receivable	(6,985,757)	619,871
Prepaid expenses	(125,660)	25,059
<b>Increase (Decrease) in:</b>		
Accounts payable	374,524	36,825
Accrued expenses	198,351	69,646
Client trust	(320)	-
Operating lease liability	(70,724)	-
Interest payable	3,751	3,749
Net Cash Provided by Operating Activities	<u>56,921</u>	<u>1,677,237</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Sales (Purchases) of investments, net	178,925	(1,533,935)
Note receivable advance	(1,040,337)	(43,492)
Note receivable payments	956,976	123,527
Payment for deposits	7,569	-
Purchase of property and equipment	(335,128)	(266,846)
Change in beneficial interest in endowment funds	2,012	2,483
Net Cash Used in Investing Activities	<u>(229,983)</u>	<u>(1,718,263)</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Repayments on notes payable	(5,882)	(23,291)
Net Cash Used in Financing Activities	<u>(5,882)</u>	<u>(23,291)</u>
Net Decrease in Cash and Cash Equivalents	(178,944)	(64,317)
Cash and Cash Equivalents at Beginning of Year	<u>7,321,346</u>	<u>7,385,663</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 7,142,402</u></u>	<u><u>\$ 7,321,346</u></u>
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Cash paid for interest	\$ <u>65</u>	\$ <u>818</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ <u>88,701</u>	\$ <u>-</u>
Right of use assets upon ASU 842 implementation	\$ <u>316,297</u>	\$ <u>-</u>
Right of use assets after ASU 842 implementation	\$ <u>248,142</u>	\$ <u>-</u>

The accompanying notes are an integral part of the financial statements.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 1 - Organization:**

The financial statements include the following entities:

**Alpha Project for the Homeless**

Alpha Project for the Homeless (“Alpha Project”) was organized in February 1987 under the Nonprofit Public Benefit Corporation Law, for public and charitable purposes. The mission of Alpha Project is to empower individuals, families, and communities by providing work, recovery, and support services to people who are motivated to change their lives and achieve self-sufficiency. Alpha Project’s many programs are available to all persons in need regardless of race, creed, color, ethnicity, national origin, religion, gender, or sexual orientation.

Alpha Project strives not to manage homelessness, but rather to end it for its clients. The agency’s programs do not aim at making homelessness easier, or less costly, or more tolerable. Alpha Project breaks the cycle of homelessness and provides an alternate direction for its clients out of hopelessness and despair, and into a life of responsibility and dignity.

Each program offered by the Alpha Project focuses on assisting participants to attain their own optimal level of independence. For most of the program participants, successful completion of the programs will mean complete and permanent independence through education, employment, sobriety, and stability. For those clients with special needs, the programs maximize their own potential and support as much independence as possible. All of the clients, regardless of their history, are encouraged, supported, and assisted in reaching their maximum potential with dignity and respect.

The following is a brief description of Alpha Project’s programs:

**Shelter Programs and Services**

**Temporary Bridge Shelters**

Alpha Project operates two *Temporary Bridge Shelters* for single adults in downtown San Diego on behalf of the City of San Diego. *Bridge Shelter #1* is located at the corner of 16th Street and Newton Avenue. *Bridge Shelter #2* is located at 1710 Imperial Avenue. The programs utilize tools designed to effectively serve the target population in a welcoming and solutions-focused environment. Clients at the sprung structures receive emergency housing including restrooms, showers, laundry, meals, and supplies. An array of services are offered through Alpha Project and partners including medical and behavioral health services.

**Cortez Hill Family Center - Interim Housing Program**

Operated on behalf of the City of San Diego, *Cortez Hill Family Center – Interim Housing Program* offers emergency housing for homeless families with children. The program provides safe housing, meals, access to education, medical, and other wrap-around services for families with children to thrive and prepare for longer-term or permanent housing, as well as successfully promote self-sufficiency, wellness, and recovery.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 1 - Organization: (Continued)**

**Rehabilitation Program Services**

**Casa Raphael – Residential Substance Use Disorder Program**

*Casa Raphael*, located at 993 and 975 Postal Way in Vista, CA is a state-licensed and certified residential treatment program for men in recovery from substance abuse. The program provides housing, food, recovery workshops, case management, mental health counseling, access to healthcare, work, financial assistance, and other support services. The program offers an intensive 12-week environment in which residents participate in an evidence-based practice curriculum.

**Permanent Housing Programs and Services**

**Rapid Re-Housing**

The *Rapid Re-Housing Program* provides housing navigation and location, case management, and financial assistance to permanently house individuals and families. The program provides application, security deposit, and short-term or medium-term rental assistance, as well as assists in securing needed furniture and supplies. The program also assists clients to access support services and resources including medical, behavioral health, legal, work training, and employment.

**Home Finder & Tenant Peer Support Services (TPSS)**

*Home Finder* and *Tenant Peer Support Services (TPSS)* programs serve clients who are 1) ages 18 years or older, 2) homeless, 3) experience serious mental illness, and 4) connected to designated County of San Diego Behavioral Health Services (BHS) outpatient clinics. Staff meets with clients at designated clinics where they start the housing process to include needs assessment, housing location, housing navigation, and supportive services. Staff also coordinates, brokers, and schedules appropriate client services with external medical, dental, and housing opportunities to meet client needs.

**Homeless Prevention and Case Management**

Alpha Project operates two prevention programs including the *Homeless Prevention and Diversion Services* program which provides single episodes of assistance with short-term case management. The *Housing Navigation and Case Management Services* for the Homeless program offers longer-term prevention support through ongoing case management and referrals to supportive services.

**Permanent Supportive Housing Assistance**

**Alpha Square**

*Alpha Square*, welcoming residents since 2015, is located at 550 14th Street in Downtown San Diego and incorporates 203 units, including two management units, along with onsite laundry, computer lab, food pantry, commercial kitchen, community rooms, and rooftop terrace. Alpha Square provides supportive, affordable, and sustainable housing with access to on-site support services to address needs such as mental health counseling, addiction counseling, enrolling in benefits, financial support, and access to long-term treatment and other services.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 1 - Organization: (Continued)**

**Permanent Supportive Housing Assistance (Continued)**

**Alpha Lofts**

Launched in 2019, *Alpha Lofts* located at 3808 El Cajon Blvd. in Normal Heights is a supportive affordable housing complex for homeless veterans in San Diego. Alpha Project staff provides essential support services for the residents of Alpha Lofts, which offers 53 units including one manager's unit, as well as an onsite food pantry, computer lab, laundry room, and terrace. The program also connects residents to medical, behavioral health, and other necessary services.

**Other Programs**

**Food Services Program**

Alpha Project's commercial kitchen at Alpha Square is instrumental in the delivery of food services to the agency's many programs including the preparation of over 200,000 hot meals annually to shelter residents. The program also helps stock the agency's three food pantries at Alpha Square, Alpha Lofts, and Luther Tower, as well as prepares food kits for clients moving into housing of their own and emergency food kits as needed for seniors, disabled, and chronically ill clients.

**Homeless Outreach**

At the core of all of Alpha Project's facilities and services is a program of *Homeless Outreach*, designed not only to assist those in need in accessing needed services but also to assist the surrounding neighborhood in addressing homeless-related issues. Operating in the City of San Diego, City of Vista, Chula Vista City, National City, and the Port of San Diego, outreach workers are trained in crisis response and de-escalation, with access to food, transportation, and a wealth of referral sources to help individuals and families still homeless connect with housing and other sources of support.

**Case Management at Luther Tower**

*Luther Tower* offers 200 units of affordable housing to seniors. Alpha Project's *Case Management services at Luther Tower* offers residents with support accessing services and supplies including medical, behavioral health, food, as well as other wrap-arounds services.

**Hospice for the Homeless & Living with Dignity**

In response to the homeless deaths that occur on the streets of San Diego, in 2007 Alpha Project launched *Hospice for the Homeless* and *Living with Dignity* to provide financial assistance to homeless people diagnosed with a terminal or chronic illness. *Hospice for the Homeless* caters to those diagnosed by a physician as having 6 months or less to live. While the client's chosen hospice provider delivers medical & nursing care, medications, social worker, and behavioral health and spiritual counseling, Alpha Project provides financial assistance including security deposit, rental assistance, furniture, food, and other supplies not covered by hospice. *Living with Dignity* provides one-time assistance to help seniors, those with physical disabilities or other debilitating illnesses with emergency or critical needs such as rental assistance, transportation, food, and mobility devices such as wheelchairs, walkers, walking sticks, etc.

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 1 - Organization: (Continued)**

**Other Programs (Continued)**

**Alpha House**

*Alpha House* is designed to provide sober living and transitional housing to those needing safe, clean, and affordable housing while transitioning back into the workforce through participation in Alpha Project's *Special Projects* work program.

**Work Programs**

**Special Projects**

*Special Projects* provides meaningful work and training opportunities to eligible clients able to work. Throughout the year, Alpha Project contracts directly with various public departments and private entities to provide weed and brush abatement services, and other community benefit projects, to neighborhoods and rural areas throughout San Diego County.

**Wheels of Change**

*Wheels of Change* offers work opportunities, paying minimum wage, to individuals residing at Alpha Project's *Temporary Bridge Shelter* programs. *Wheels of Change* empowers shelter residents, builds self-esteem, and provides meaningful work experience while giving back to the community.

**Note 2 - Significant Accounting Policies:**

**Accounting Method**

The financial statements of Alpha Project have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Estimates**

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

**Risks and Uncertainties**

Alpha Project invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statements of financial position.

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

Alpha Project's statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds and corporate stocks are considered Level 1 assets, and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset, which represents the fair value of the underlying assets as reported by San Diego Foundation (Note 8).

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method, based on historical experience and management's evaluation of outstanding receivables. Management believes that all grants and contracts receivable were fully collectible; therefore, no allowance for doubtful grants and contracts receivable was recorded at June 30, 2023 and 2022.

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Capitalization and Depreciation**

Alpha Project capitalizes all expenditures in excess of \$500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, Alpha Project reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Alpha Project reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings and improvements	7 - 40 years
Equipment, furniture and fixtures	5 - 7 years
Vehicles	5 - 7 years

Depreciation totaled \$366,765 and \$375,326 for the years ended June 30, 2023 and 2022, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to income or expense.

**Impairment of Real Estate**

Alpha Project reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted net cash flows expected to be generated by the property, and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2023 and 2022.

**Leases**

Alpha Project leases vehicles and equipment under non-cancelable operating leases that expire at various dates through February 2028. Pursuant to the guidance for accounting for leases, Alpha Project accounts for the operating leases as noted below.

Alpha Project determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of, and obtain substantially all of the economic benefits from, the use of an asset for a period of time in exchange for consideration. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating in the statement of financial position.



**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Leases (Continued)**

ROU assets represent Alpha Project's right to use an underlying asset for the lease term and lease liabilities represent Alpha Project's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Alpha Project will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Alpha Project has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Alpha Project has elected to use the risk-free rate in determining the present value of the lease payments.

**Compensated Absences**

Accumulated unpaid vacation totaling \$384,023 and \$347,243 at June 30, 2023 and 2022, respectively, is accrued when incurred, and included in accrued expenses.

**Revenue Recognition**

Grants and contracts revenue are recognized in the period in which the related work is performed, in accordance with the terms of the grant or contract. Grants and contracts receivable are recorded when revenue earned under a grant or contract exceeds the cash received.

Contributions are recognized when the donor makes a promise to give to Alpha Project that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Alpha Project's program revenue consists of catering services, job revenue, and other program revenue, which is recognized as revenue as the services are performed.

Alpha Project provides development and other services in connection with the development and construction of affordable low-income housing projects. Alpha Project earns fees based on fixed-fee agreements. Due to restrictions on the funds available to pay the fees, the likelihood of collection of these amounts is not known or assured as of the date of these financial statements; therefore, revenue is recognized as payments are received.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Donated Services and Support**

Alpha Project received the following in-kind contributions for the year ending June 30:

	<u>2023</u>	<u>2022</u>
Food	\$ 585,484	\$ 587,510
Support services	257,400	242,436
Clothes, furniture, supplies, equipment and other tangible items	172,628	1,043,279
Rent	134,313	409,000
Total Contributed Nonfinancial Assets	<u>\$ 1,149,825</u>	<u>\$ 2,282,225</u>

All contributed assets and services were utilized by Alpha Project's program and supporting services and are included in in-kind contribution revenue in the accompanying financial statements. There were no donor-imposed restrictions associated with these contributions.

The estimated fair value of the contributed clothes, furniture, supplies, equipment, other tangible and food items are based on estimates of wholesale values that would be received for similar products in the United States.

Contributed rent includes resident rent, vouchers, or other payments or waivers not included in contracts. The estimated fair value of the rent is based on information provided by the property managers.

Contributed support services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets, or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed supporting services that are reported using current rates for similar support services.

Alpha Project utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2023 and 2022 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

**Functional Allocation of Expenses**

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. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services, based on a cost allocation plan that allocates costs primarily based on the proportion of full-time employee equivalents of a program or supporting service versus the total Alpha Project full-time employee equivalents.

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Income Taxes**

Alpha Project is a nonprofit California corporation, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code on income related to their tax-exempt purpose. Alpha Project 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. Alpha Project is not a private foundation.

Alpha Project's Return of Organization Exempt from Income Tax for the years ended June 30, 2023, 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

**Concentration of Credit Risk**

Alpha Project maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Alpha Project has not experienced any losses in such accounts. Alpha Project believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, Alpha Project considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents, regardless of the maturity. The following is a composition of the combined amounts appearing in the statements of cash flows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and money market funds	\$ 4,880,328	\$ 5,775,728
Certificates of deposit	2,262,074	1,545,618
Total Cash and Cash Equivalents	\$ <u>7,142,402</u>	\$ <u>7,321,346</u>

Certificates of deposit included in cash and cash equivalents bear interest at rates ranging from 5.05% to 4.90%, and mature through April 2024.

**Accounting Pronouncements Adopted**

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* ("FASB ASC 842") to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the consolidated statement of financial position by lessees, and the disclosures of key information about leasing arrangements.

Alpha Project adopted this guidance Accounting Standards Codification (ASC) 842 in 2023 using the effective date transition method which allows Alpha Project to apply the guidance for the current-year presentation and not adjust the prior-year numbers. Alpha Project elected the package of practical expedients that allows an entity to not reassess (i) whether any expired or existing contracts are or contain leases, (ii) lease classification for any expired or existing leases and (iii) initial direct costs for any expired or existing leases. Alpha Project did not elect to use hindsight for leases existing at the adoption date.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 2 - Significant Accounting Policies: (Continued)**

**Accounting Pronouncements Adopted (Continued)**

As a result of the adoption of FASB ASC 842 on July 1, 2022, right-of-use asset of \$316,297, and finance lease liability of \$316,297 were recorded.

**Subsequent Events**

In preparing these financial statements, Alpha Project has evaluated events and transactions for potential recognition or disclosure through March 27, 2024, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

**Note 3 - Liquidity and Availability:**

Alpha Project regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Alpha Project considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Alpha Project considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Financial assets available for general expenditure within one year, are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,142,402	\$ 7,321,346
Investments	4,198,295	4,218,748
Grants and contracts receivable	9,935,997	2,950,240
Note receivable, current portion	-	36,312
Appropriation of endowment fund earnings	3,000	2,500
Financial assets available for general expenditures within one year	<u>\$ 21,279,694</u>	<u>\$ 14,529,146</u>

In addition to financial assets available to meet general expenditures over the next 12 months, Alpha Project operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is available for general use. Appropriations of endowment fund earnings are made in accordance with the spending policy, as described in Note 11. Donor-restricted endowment funds of a perpetual nature are not available for general expenditure.

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 4 - Fair Value Measurements:**

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Mutual funds	\$ 2,533,229	\$ -	\$ -	\$ 2,533,229
Corporate stocks	103,098	-	-	103,098
Corporate bonds	1,561,968	-	-	1,561,968
Beneficial interest in endowment funds (Note 8)	-	-	64,490	64,490
	<u>\$ 4,198,295</u>	<u>\$ -</u>	<u>\$ 64,490</u>	<u>\$ 4,262,785</u>

  

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Mutual funds	\$ 2,723,426	\$ -	\$ -	\$ 2,723,426
Corporate stocks	1,495,322	-	-	1,495,322
Beneficial interest in endowment funds (Note 8)	-	-	62,383	62,383
	<u>\$ 4,218,748</u>	<u>\$ -</u>	<u>\$ 62,383</u>	<u>\$ 4,281,131</u>

The reconciliation for financial instruments measured at fair value on a recurring basis as significant unobservable inputs (Level 3) are included in Note 8, as indicated above.

The following table represents Alpha Project's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

	2023			
Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	\$ 64,490	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 4 - Fair Value Measurements: (Continued)**

2022				
<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Significant Input Values</u>
Beneficial interest in endowment funds	\$ 62,383	Valuation of underlying assets as provided by San Diego Foundation	Base price	N/A

**Note 5 - Investments:**

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 2,533,229	\$ 2,723,426
Corporate bonds	1,561,968	-
Corporate stocks	103,098	1,495,322
Total Investments	<u>\$ 4,198,295</u>	<u>\$ 4,218,748</u>

The following schedule summarizes the investment income (loss) presented in the statements of activities for the years ended June 30:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>
Interest and dividends	\$ 293,321	\$ -	\$ 293,321
Net realized and unrealized gains	158,472	4,119	162,591
Investment fees	(35,908)	-	(35,908)
Total Investment Income	<u>\$ 415,885</u>	<u>\$ 4,119</u>	<u>\$ 420,004</u>

  

	2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
Interest and dividends	\$ 315,456	\$ -	\$ 315,456
Net realized and unrealized losses	(491,284)	(2,588)	(493,872)
Investment fees	(35,693)	-	(35,693)
Total Investment Loss	<u>\$ (211,521)</u>	<u>\$ (2,588)</u>	<u>\$ (214,109)</u>

**ALPHA PROJECT FOR THE HOMELESS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**Note 6 - Note Receivable:**

On November 18, 2019, Alpha Project issued a \$1,033,234 loan to Anaheim Gardens Corporation, a related entity. The note bears interest at 4.50%, and is payable in monthly installments of principal and interest of \$6,402. The note is due August 18, 2039, and is unsecured. The balance on the note receivable totaled \$-0- and \$916,639 at June 30, 2023 and 2022, respectively. On January 12, 2023, Alpha Project issued a \$1,000,000 loan to Anaheim Gardens Corporation, a related entity. The note bears interest at 5% and is payable in monthly installments of interest only of \$4,166.67. The note is due January 9, 2026, and is unsecured. The balance on the note receivable totaled \$1,000,000 and \$-0- at June 30, 2023 and 2022, respectively.

Future principal payments on the note receivable are as follows:

<u>Years Ended</u> <u>June 30</u>	
2026	\$ 1,000,000
Total	\$ <u>1,000,000</u>

**Note 7 - Property and Equipment:**

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,458,072	\$ 1,456,572
Buildings and improvements	1,572,235	1,562,017
Equipment, furniture and fixtures	832,361	831,203
Vehicles	2,303,148	2,197,939
Construction in progress	<u>133,260</u>	<u>10,218</u>
Subtotal	6,299,076	6,057,949
Less: Accumulated depreciation	<u>(3,556,015)</u>	<u>(3,283,251)</u>
Property and Equipment, Net	<u>\$ 2,743,061</u>	<u>\$ 2,774,698</u>

**Note 8 - Beneficial Interest in Endowment Funds:**

Alpha Project has a beneficial interest in endowment funds held by San Diego Foundation, which are classified as net assets with donor restrictions – perpetual in nature, as these investments must be maintained in perpetuity. The beneficial interest is invested in a portfolio of equity and debt securities, which is structured for long-term return consisting of 46% global equity, 15% hedge funds, 14% private equity, 10% fixed income, 8% real estate, 3% real assets, and 4% private credit.

The activity in the beneficial interest in endowment funds consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Balance at Beginning of Year	\$ 62,383	\$ 67,454
Contributions	700	50
Investment gain (loss)	4,119	(2,588)
Distributions	<u>(2,712)</u>	<u>(2,533)</u>
Balance at End of Year	<u>\$ 64,490</u>	<u>\$ 62,383</u>

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 9 - Notes Payable:**

Notes payable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Note payable to the Community Development Commission of the City of Vista, payable in interest-only payments at 3.00% from residual receipts, accrued interest, and principal due August 2053. Secured by real property. Interest payable totaled \$93,438 and \$89,687 at June 30, 2023 and 2022, respectively.	\$ 125,000	\$ 125,000
Note payable to the County of San Diego Department of Housing and Community Development, noninterest-bearing, principal due July 2053. Secured by real property.	235,000	235,000
Note payable to the City of San Diego, noninterest-bearing, no monthly payments. Repayment only upon termination of the related housing program. Secured by real property.	82,500	82,500
Note payable to Ford Credit, payable in monthly installments of \$551 including interest at 4.84%, due November 2022. Secured by a vehicle.	-	2,204
Note payable to Ford Credit, payable in monthly installments of \$503 including interest at 4.84%, due October 2022. Secured by a vehicle.	-	2,191
Note payable to Ford Credit, payable in monthly installments of \$503 including interest at 4.84%, due October 2022. Secured by a vehicle.	-	1,487
Total Notes Payable	442,500	448,382
Less: Current Portion	-	(5,882)
Notes Payable, Net of Current Portion	<u>\$ 442,500</u>	<u>\$ 442,500</u>

Future principal payments on the notes payable are as follows:

Years Ended <u>June 30</u>	
Thereafter	\$ 442,500
Total	<u>\$ 442,500</u>



**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 10 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions represent contributions received or receivable by Alpha Project, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2023</u>	<u>2022</u>
<b>Subject to Expenditure for Specified Purpose:</b>		
Hospice	\$ 105,144	\$ 104,896
Wheels for Change	26,000	6,000
Alpha Square kitchen	-	21,000
Rapid Rehousing Family	-	5,652
Alpha Square	-	5,000
Cortez	-	1,000
Total Subject to Expenditure for Specified Purpose	<u>131,144</u>	<u>143,548</u>
<b>Subject to the Passage of Time:</b>		
Accumulated earnings on endowment assets	14,390	12,283
<b>Perpetual in Nature:</b>		
Endowment (Note 11)	<u>50,100</u>	<u>50,100</u>
Total Net Assets with Donor Restrictions	<u>\$ 195,634</u>	<u>\$ 205,931</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
<b>Purpose Restrictions Accomplished:</b>		
Alpha Kitchen	\$ 21,000	\$ -
Hospice	14,472	13,512
Rapid Rehousing Family	5,652	24,454
Alpha Square	5,000	-
Cortez	1,000	-
<b>Appropriation of accumulated earnings on endowment assets</b>	<u>2,712</u>	<u>2,533</u>
	<u>\$ 49,836</u>	<u>\$ 40,499</u>

**Note 11 - Endowment Net Assets:**

The endowment funds of Alpha Project are held by San Diego Foundation (the "Foundation"). The Foundation manages the funds in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Foundation's objective is to maintain the purchasing power (real value) of the endowment funds. Alpha Project classifies donor-restricted net assets of a perpetual nature held by the Foundation as:

- The original value of gifts donated to the fund
- The original value of Alpha Project funds transferred to the fund
- The original value of subsequent gifts donated to the fund

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 11 - Endowment Net Assets: (Continued)**

Alpha Project considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Alpha Project has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Alpha Project has no underwater endowment funds at June 30, 2023 and 2022.

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in a portfolio of equity and debt securities, which is structured for long-term total return. The Foundation's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund and changes in endowment net assets as of, and for, the years ended June 30:

	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at June 30, 2021	\$ 17,354	\$ 50,100	\$ 67,454
Contributions	50	-	50
Net realized and unrealized loss	(2,588)	-	(2,588)
Appropriation of endowment assets for expenditure	(2,533)	-	(2,533)
Endowment Net Assets at June 30, 2022	12,283	50,100	62,383
Contributions	700	-	700
Net realized and unrealized gain	4,119	-	4,119
Appropriation of endowment assets for expenditure	(2,712)	-	(2,712)
Endowment Net Assets at June 30, 2023	\$ 14,390	\$ 50,100	\$ 64,490

**Note 12 - Commitments:**

**Employee Benefit Plan**

Alpha Project established a 403(b) profit and sharing plan (the "Plan") covering all full-time employees of Alpha Project. Employees may defer up to 25% of their annual compensation, not to exceed the annual amount allowed by law. Alpha Project may contribute a discretionary matching contribution each year. There were no matching contributions for the years ended June 30, 2023 and 2022.

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 12 - Commitments: (Continued)**

**Capital Contributions and Operating Guarantees**

From time to time, Alpha Project will engage in various obligations with other nonprofit organizations to assist in providing permanent housing for graduates of the Casa Raphael and Casa Base programs. There was no outstanding recourse debt relating to these obligations at June 30, 2023 and 2022.

**Operating Leases**

Alpha Project leases vehicles and equipment under non-cancelable operating leases that expire at various dates through February 2028. Rental expense under these leases totaled \$148,061 and \$143,355 for the years ended June 30, 2023 and 2022, respectively, and is included in equipment rental. Alpha Project leases office space, storage facilities, and other facilities under leases on a month-to-month basis. Rental expense under these leases totaled \$163,108 and \$192,127 for the years ended June 30, 2023 and 2022, respectively.

The following summarizes the line items on the statement of financial position for the operating leases included in the measurement of lease liabilities at June 30, 2023:

Operating lease right-of-use asset	\$ 248,142
Operating lease liabilities, current	83,250
Operating lease liabilities, noncurrent portion	162,323
Total operating lease liabilities	<u>\$ 245,573</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

Weighted average remaining lease term - Operating	2.75 years
Weighted average discount rate - Operating	2.54%

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Operating cash flows from operating leases	<u>\$ 88,701</u>
--	------------------

The following is a schedule of future minimum lease payments under the leases:

Years Ended June 30	
2024	\$ 88,701
2025	74,110
2026	47,279
2027	33,324
2028	15,344
Total Lease Payments	\$ 258,758
Less: Discount	(13,185)
Present Value of Lease Liabilities	<u>245,573</u>

**ALPHA PROJECT FOR THE HOMELESS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note 12 - Commitments: (Continued)**

**Development Fees**

A developer fee was earned by Alpha Project for development services provided to Oxford Terrace Partners, L.P., in the amount of \$1,109,603. The unpaid balance totaled \$436,277 at each of the years ended June 30, 2023 and 2022. Alpha Project did not receive any developer fee payments for the years ended June 30, 2023 and 2022.

Alpha Project has an agreement with CL Dellums, L.P. to provide development services for a fee not to exceed \$825,720. The unpaid balance totaled \$333,049 and \$353,994 at the years ended June 30, 2023 and 2022, respectively. Alpha Project did not receive any developer fee payments for the years ended June 30, 2023 and 2022.

Alpha Project has an agreement with Chelsea Investment Corporation to provide development services for Alpha Square 9% and Alpha Square 4. Alpha Project did not receive any developer fee payments for the years ended June 30, 2023 and 2022.

Alpha Project has an agreement with CREA Luther Towers, LLC to provide development services for Luther Towers. Alpha Project did not receive any developer fee payments for the years ended June 30, 2023 and 2022.

Alpha Project has an agreement with Normal Heights CIC, L.P., to provide development services for Alpha Lofts. Alpha Project received \$-0- and \$50,750 for development fees for the years ended June 30, 2023 and 2022, respectively.

Due to restrictions on the funds available to pay the developer fees, the likelihood of collection of these amounts is not known or assured as of the date of these financial statements; therefore, no amounts have been recorded as a receivable at June 30, 2023 and 2022.

**Note 13 - Contingencies:**

**Legal**

Legal claims and lawsuits arise from time to time in the normal course of business. Alpha Project's management and legal counsel estimate that the potential claims against Alpha Project not covered by insurance, resulting from such litigation, would not materially affect the operations or financial condition of Alpha Project.

**Grants and Contracts Revenues**

Grants and contracts revenues from governmental grants are subject to audits by the grantor agency. The ultimate determinations of amounts received under these programs are generally based upon allowable costs reported to and audited by the grantor agency. Until such audits are completed, there exists the contingency to refund any amounts received in excess of the allowable costs.

**ALPHA PROJECT FOR THE HOMELESS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grants/Pass -Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass -Through Number	Passed Through to Subrecipient	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>				
<b>Direct Program:</b>				
Continuum of Care Program	14.267	CA1792L9D012103	\$ -	\$ 380,059
Continuum of Care Program		CA1600LPD012105	-	1,272,198
Continuum of Care Program		CA1508L9D012005	-	301,014
Continuum of Care Program		CA1508L9D012106	-	361,802
Total Direct Program			-	2,315,073
<b>Pass-Through Programs From:</b>				
<b><u>CDBG - Entitlement Grants Cluster:</u></b>				
Community Development Block Grants/ Entitlement Grants:	14.218			
City of Vista		None	-	18,600
Total Community Development Block			-	18,600
Total CDBG - Entitlement Grants Cluster			-	18,600
Emergency Solutions Grant Program:	14.231			
City of Chula Vista		2022-111		111,080
Total Emergency Solutions Grant Program			-	111,080
Total Pass-Through Programs			-	129,680
Total U.S. Department of Housing and Urban Development			-	2,444,753
<b>U.S. Department of Health and Human Services:</b>				
<b>Pass-Through Programs From:</b>				
Block Grants for Prevention and Treatment of Substance Abuse:	93.959			
County of San Diego		553468	-	1,737,652
Total Block Grants for Prevention and Treatment of Substance Abuse			-	1,737,652
Coronavirus State and Local Fiscal Recovery Relief Funds:	21.027			
County of San Diego		567114	-	866,661
Total Coronavirus State and Local Fiscal Recovery			-	866,661
Emergency Housing Voucher	14.871			
County of San Diego		567114	-	260,216
Total Emergency Housing Voucher			-	260,216
Total U.S. Department of Health and Human Services			-	2,864,529
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 5,309,282

**ALPHA PROJECT FOR THE HOMELESS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alpha Project for the Homeless under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of Alpha Project for the Homeless, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Alpha Project for the Homeless.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Alpha Project for the Homeless has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.



Leaf & Cole, LLP

*Certified Public Accountants*

*A Partnership of Professional Corporations*

**Independent Auditor's 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  
Alpha Project for the Homeless

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 financial statements of Alpha Project for the Homeless (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 27, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Alpha Project for the Homeless' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alpha Project for the Homeless' internal control. Accordingly, we do not express an opinion on the effectiveness of Alpha Project for the Homeless' 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 Alpha Project for the Homeless' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Leaf & Cole LLP

San Diego, California  
March 27, 2024





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**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

To the Board of Directors  
Alpha Project for the Homeless

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Alpha Project for the Homeless' 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 Alpha Project for the Homeless' major federal programs for the year ended June 30, 2023. Alpha Project for the Homeless' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alpha Project for the Homeless complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Alpha Project for the Homeless, 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 Alpha Project for the Homeless' 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 Alpha Project for the Homeless' federal program.

### ***Auditor's 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 Alpha Project for the Homeless' 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 Alpha Project for the Homeless' compliance with the requirements of the 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 Alpha Project for the Homeless' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alpha Project for the Homeless' 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 Alpha Project for the Homeless' internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

Leaf & Cole LLP

San Diego, California  
March 27, 2024

**ALPHA PROJECT FOR THE HOMELESS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section I - Summary of Auditor's Results:**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes        X   No

Significant deficiencies identified?

\_\_\_\_\_ Yes        X   No

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

**Federal Awards**

Type of auditor's report issued on compliance for the major programs:

Unmodified

Internal control over major program:

Material weaknesses identified?

\_\_\_\_\_ Yes        X   No

Significant deficiencies identified?

\_\_\_\_\_ Yes        X   No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes        X   No

Identification of the major programs:

Assistance Listing Number

Name of Federal Program or Cluster

14.871

Emergency Housing Voucher

21.027

Coronavirus State and Local  
Fiscal Recovery Funds

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:**

**None**

**Section III - Federal Award Findings and Questioned Costs:**

**None**

**ALPHA PROJECT FOR THE HOMELESS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings or questioned costs for the year ended June 30, 2022.