GLOUCESTER HOUSING PARTNERSHIP, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gloucester Housing Partnership, Inc.

Report on the Financial Statements

Opinion
I have audited the accompanying financial statements of Gloucester Housing Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Gloucester Housing Partnership, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Gloucester Housing Partnership, Inc., and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 Gloucester Housing Partnership, 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
My 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 my 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 are considered material, if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

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

- Identify and assess 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 Gloucester Housing Partnership, 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.
- Concludes whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial about the company's ability to continue as a going concern for a reasonable period of time.

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

Clifford Accounting Services, LLC

Clifford Accounting Services, LLC
Quinton, VA
June 19, 2023

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GLOUCESTER HOUSING PARTNERSHIP, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets		
Cash and cash equivalents	$	42,129
Prepaid expenses		1,086
Property and equipment, net		0
Total assets	$	43,215
Liabilities and net assets		
Accounts payable	$	2,875
Accrued liabilities		958
Total liabilities		3,833
Net assets:		
Without donor restrictions		39,382
With donor restrictions		-
Total net assets		39,382
Total liabilities and net assets	$	43,215

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

GLOUCESTER HOUSING PARTNERSHIP, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions
Public support and revenues	
Contributions	$ 49,518
Government grants	36,000
Foundation grants	22,750
Interest and investment income, net	179
Total support and revenues	108,447
Expenses	
Program expenses	(83,947)
Management and general	(65,919)
Fundraising	(1,859)
Total expenses	(151,725)
Change in net assets	(43,278)
Net assets, beginning of year	82,660
Net assets, end of year	$ 39,382

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

GLOUCESTER HOUSING PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Expense	Management and General Expense	Fundraising Expense	Total
ADVERTISING	$ -	$ -	$ 1,200	$ 1,200
BANK FEES	-	160	-	160
COMPUTER/INTERNET		2,908	-	2,908
CONTRACTORS	54,250	-	-	54,250
CONFERENCES	-	890		890
DEPRECIATION	923	342	-	1,265
DUES/SUBSCRIPTIONS	-	421	-	421
INSURANCE	1,093	1,093	-	2,186
LICENSES/REGISTRATIONS	-	425	-	425
MATERIALS	22,258	-	-	22,258
MISCELLANEOUS	-	273	-	273
OCCUPANCY	4,200	4,200	-	8,400
OFFICE	-	3,546	-	3,546
OUTREACH	-	-	659	659
PAYROLL AND TAXES	-	43,443	-	43,443
PROFESSIONAL FEES	-	5,960	-	5,960
REPAIRS	-	1,034	-	1,034
UTILITIES	1,223	1,224	-	2,447
Total expense	$ 83,947	$ 65,919	$ 1,859	$ 151,725

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

GLOUCESTER HOUSING PARTNERSHIP, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(43,278)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation		1,265
(Increase)/decrease in operating assets:		
Prepaid expenses		(1,086)
Increase/(decrease) in operating liabilities:		
Accounts payable		2,875
Accrued liabilities		467
Net cash provided by/(used in) Operating Activities		(39,757)
CASH FLOWS FROM FINANCING ACTIVITIES		-
		-
CASH FLOWS FROM INVESTING ACTIVITIES		-
Net change in cash and cash equivalents		(39,757)
Cash and cash equivalents at beginning of year		81,886
Cash and cash equivalents at end of year	$	42,129
Supplemental information – interest paid	$	-

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

1. Nature of Activities and Significant Accounting Policies

Gloucester Housing Partnership, Inc. (the Company) is a nonstock, nonprofit, Virginia corporation formed in 1992, with the purpose of repairing owner-occupied homes of low-income families, elderly and disabled persons. All persons receiving free home repair assistance are screened to determine eligibility for aid and must be at or below 200% of the Federal Poverty level. Once an application is received, a representative from the company does a site visit to determine the types of work to be completed. Licensed and insured contractors are secured and repair work is scheduled. A representative from the company follows up with the applicant upon completion of the repairs to conduct a satisfaction survey.

In 2022 the Board of Directors voted to begin the process of officially changing the name to Rural Housing Partnership. The name change officially took place in 2023.

The Company is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

A summary of the Company's significant accounting policies follows:

Basis of accounting:

The Company prepares its financial statements using the accrual method of accounting. Accordingly, the financial statements include all of the Company's significant receivables and payables as of December 31, 2022.

Financial statement presentation:

The Company 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. The Company does not use fund accounting. Net assets and changes in net assets are reported based upon the existence or absence of restrictions on the use that is placed by its donors, as follows:

> Net assets without donor restrictions: These are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Company and its application of tax-exempt status.
>
> Net assets with donor restrictions: These are resources that are restricted by a donor for the use of a particular purpose or in a future period. When a donor's restriction is satisfied, the expiration is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. This also includes resources that the donor has stipulated be held in perpetuity.
>
> There were no assets restricted during the year ended December 31, 2022.

Use of estimates in the preparation of financial statements:

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables:

Contributions receivable are primarily unconditional promises to give by donors that are recognized as contributions when the promise is received. Management reviews pledges receivable to evaluate collectability annually. When a pledge is considered uncollectible, it is written off as a bad debt and included in management and general expenses. Management considers all contributions receivable to be collectible and, accordingly, has not provided an allowance for doubtful accounts.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is computed by straight line depreciation over the estimated useful lives of the assets, generally five to seven years. Expenditures for maintenance and repairs are expensed currently, while expenditures for major additions and betterments of $1,000 are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Contributions:

Contributions received are recorded as support without donor restrictions and support with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, net assets are reclassified and reported in the statement of activities as net assets released from restrictions.

Recognition of revenue:

Contributions designated for specific programs without a future time limitation are recorded as revenue when received. Contributions are recognized as income in the period in which they are received even though the related liabilities and expenses may be incurred over one or more future periods. Proper application of this principle may cause the recognition of substantial income in one accounting period with little or no offsetting liability or expense while the opposite effect may occur in subsequent periods. Grants and other revenues that are considered to be exchange transactions are recognized as revenues in the periods in which they are considered to be earned.

Expense recognition and allocation:

The cost of providing the Company's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. If costs are common to multiple functions, the costs are allocated among the various functions benefited. Occupancy and related expenses are allocated based upon square footage basis or on equal proportions. Salary and payroll taxes, when applicable, are allocated on the basis of a time and effort study.

Fundraising costs are generally expensed as incurred, even though they may result in contributions received in future years. However, direct special event costs are reported in the fiscal year the event is held.

The Company's policy is to expense advertising as incurred. Advertising expenses during the year ended December 31, 2022 were $1,200.

Program Costs

Program costs include direct material and labor costs and those indirect costs related to project performance, such as indirect labor, supplies, and tools. General and administrative costs are charged to expense as incurred.

Gifts in-kind:

The Company may periodically receive a contribution in a form other than cash. If the Company receives a contribution of equipment or materials, the contributed asset is recognized at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets the Company's capitalization policy. If the donor stipulates how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Donated supplies are recorded as contributions at the date of the gift and expensed when the donated items are placed into service. Donated assets are recorded as contributions at the date of the gift and expensed when the donated items are placed into service. There were no donated supplies during the year ended December 31, 2022.

Donated services:

The Company benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Company's program operations and in its fundraising campaigns. However, the contributed services do not meet the criteria for recognition in the financial statements. Generally accepted accounting principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

2. Contributions Receivable

There were no contribution receivables due to the Company at December 31, 2022. Short term receivables are not discounted and are recorded at net realizable value.

3. Fair Value Measurement

The fair value of financial instruments is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

4. Concentrations of Credit Risk

The Company is required to disclose significant concentrations of credit risk regardless of the degree of such risk. The Company places its cash and cash equivalents with high quality financial institutions. At no point during the year did the cash balances exceed the insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents as of December 31, 2022.

Approximately 33% of the revenues during 2022 was provided by the County of Gloucester and approximately 24% was provided by United Way. Changes to economic conditions could have an impact on the Company's revenue stream in the future.

The Company currently employs two part-time staff and is seeking additional program staff to help carry out its mission.

5. Liquidity and Availability

The Company has approx. $42,129 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash. The financial assets are available to utilize within one year for general expenditure purposes.

The Company has a goal of having financial assets on hand to meet at least 60 days of normal operating expenses. As part of its liquidity management, the Company structures its financial assets to be available as the general expenditures, liabilities and other obligations become due. The Company does not have a line of credit. However, the Company believes it can control its expenditures on projects and can judgmentally decide not to fund a project. As such, the Company believes it has adequate liquidity should an unforeseen need arise.

6. Property and Equipment

Property and equipment, net, at December 31, 2022, consisted of the following:

Office equipment	$ 6,682
Machinery and tools	$ 5,864
	$12,546
Less accumulated depreciation	($12,546)
Property and equipment, net	$ -

For the year ended December 31, 2022 depreciation expense totaled $1,265.

7. Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income, if any, derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Company is required to file income tax returns. Tax years before 2018 are no longer subject to federal or state income tax examinations. Management continually evaluates tax positions reflected in the Company's tax filings and does not believe any material uncertain tax positions exist.

8. Subsequent Events

The Company has evaluated subsequent events through June 19, 2023 which is the date these financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.