Siena Francis House and Subsidiaries

Consolidated Financial Statements
and Supplementary Information
December 31, 2022 and 2021

Together with Independent Auditor's Report

Siena Francis House and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Siena Francis House
Omaha, Nebraska

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Siena Francis House and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization as of and for the year ended December 31, 2021, were audited by Seim Johnson, LLP, who joined Eide Bailly LLP on July 25, 2022, and whose report dated June 17, 2022, contained an unmodified opinion on those statements.

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 the Organization's ability to continue as a going concern for 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements in Exhibits 1 and 2 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* are presented for the purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 August 25, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Omaha, Nebraska,
August 25, 2023.

Siena Francis House and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2022 and 2021

		2022	2021
ASSETS			
Cash and cash equivalents	$	1,624,055	6,392,984
Restricted cash		968,988	981,054
Tenant receivables		4,473	9,904
Grants receivable		206,797	462,823
Investments		4,908,994	537,529
Prepaid expenses and other		32,027	103,989
Property and equipment, net		32,809,933	31,085,074
Other assets, net		--	1,566
Beneficial interest in assets held by others		1,985,002	2,285,518
Total assets	$	42,540,269	41,860,441
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses -			
Trade	$	731,692	939,785
Construction		292,913	--
Refundable advances		103,835	--
Tenant security deposits		3,586	4,336
Notes payable		2,691,952	400,000
Total liabilities		3,823,978	1,344,121
Net assets:			
Without donor restrictions:			
Siena Francis House -			
Undesignated		29,615,606	32,074,632
Designated by board		2,750,000	2,750,000
Non-controlling interest in subsidiaries		3,755,624	3,022,447
Total net assets without donor restrictions		36,121,230	37,847,079
With donor restrictions		2,595,061	2,669,241
Total net assets		38,716,291	40,516,320
Total liabilities and net assets	$	42,540,269	41,860,441

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statement of Activities
For the Year Ended December 31, 2022

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS (LOSSES) AND OTHER SUPPORT:				
Contributions and other grants	$	5,079,771	702,942	5,782,713
Government grants		777,305	199,255	976,560
Contributions of nonfinancial assets		3,284,453	--	3,284,453
Special events		30,704	--	30,704
Rental income, net		227,068	--	227,068
Net investment loss		(106,234)	--	(106,234)
Change in value of beneficial interest in assets held by others		--	(187,830)	(187,830)
Gain on disposal of property and equipment		(23,768)	--	(23,768)
Other revenue		165,091	--	165,091
Net assets released from restrictions		788,547	(788,547)	--
Total revenue, gains and other support,net		10,222,937	(74,180)	10,148,757
EXPENSES:				
Program services		10,694,456	--	10,694,456
Management and general		815,317	--	815,317
Fundraising		1,371,787	--	1,371,787
Total expenses		12,881,560	--	12,881,560
DEFICIENCY OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES		(2,658,623)	(74,180)	(2,732,803)
CONTRIBUTION OF INTEREST IN SUBSIDIARY		912,774	--	912,774
CAPITAL CONTRIBUTION		20,000	--	20,000
CHANGE IN NET ASSETS		(1,725,849)	(74,180)	(1,800,029)
NET ASSETS, Beginning of year		37,847,079	2,669,241	40,516,320
NET ASSETS, End of year	$	36,121,230	2,595,061	38,716,291

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statement of Activities
For the Year Ended December 31, 2021

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT:				
Contributions and other grants	$	4,866,827	983,718	5,850,545
Government grants		2,043,547	20,645	2,064,192
Contributions of nonfinancial assets		3,369,853	--	3,369,853
Special events		56,554	--	56,554
Rental income, net		213,339	--	213,339
Net investment income		57,121	--	57,121
Change in value of beneficial interest in assets held by others		--	50,095	50,095
Loss on disposal of property and equipment		1,322	--	1,322
Other revenue		18,840	--	18,840
Net assets released from restrictions		1,990,738	(1,990,738)	--
Total revenue, gains and other support, net		12,618,141	(936,280)	11,681,861
EXPENSES:				
Program services		10,339,650	--	10,339,650
Management and general		806,502	--	806,502
Fundraising		1,365,604	--	1,365,604
Total expenses		12,511,756	--	12,511,756
CHANGE IN NET ASSETS		106,385	(936,280)	(829,895)
NET ASSETS, Beginning of year		37,740,694	3,605,521	41,346,215
NET ASSETS, End of year	$	37,847,079	2,669,241	40,516,320

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 2,897,917	469,932	548,254	3,916,103
Assistance to guests	2,483,533	--	--	2,483,533
Depreciation and amortization	1,823,110	51,888	69,184	1,944,182
Food	1,018,497	--	--	1,018,497
Employee benefits	411,729	66,767	77,895	556,391
Fundraising/Omaha Shelter Trust	--	--	432,858	432,858
Repairs and maintenance	416,192	12,056	16,075	444,323
Payroll taxes	213,476	34,618	40,387	288,481
Security	212,628	34,480	40,227	287,335
Insurance	202,114	27,124	31,645	260,883
Program supplies	229,954	--	--	229,954
Professional fees	127,636	39,562	24,147	191,345
Utilities	236,643	5,787	7,716	250,146
Miscellaneous	77,523	35,570	21,784	134,877
Information systems	106,101	17,205	20,073	143,379
Stipends	79,285	--	--	79,285
Telecommunications	54,346	7,772	9,067	71,185
Auto repair and gas	42,817	--	--	42,817
Office supplies	33,374	4,686	5,467	43,527
COVID-19 related expenses	27,511	--	--	27,511
Special events	--	--	26,995	26,995
Administration	--	7,859	--	7,859
Other employee	70	11	13	94
Total expenses	$ 10,694,456	815,317	1,371,787	12,881,560

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 3,030,892	394,307	552,029	3,977,228
Assistance to guests	2,798,824	--	--	2,798,824
Depreciation and amortization	1,516,307	174,068	243,695	1,934,070
Food	682,732	--	--	682,732
Employee benefits	403,260	53,061	74,285	530,606
Fundraising/Omaha Shelter Trust	--	--	303,094	303,094
Repairs and maintenance	255,784	7,246	9,661	272,691
Payroll taxes	225,364	29,653	41,514	296,531
Security	179,714	23,647	33,105	236,466
Insurance	217,326	24,228	33,919	275,473
Program supplies	142,865	--	--	142,865
Professional fees	84,835	26,265	15,627	126,727
Utilities	218,201	5,461	7,281	230,943
Miscellaneous	51,033	41,442	8,645	101,120
Information systems	75,723	9,964	13,949	99,636
Stipends	37,363	--	--	37,363
Telecommunications	59,175	7,127	9,978	76,280
Auto repair and gas	28,635	--	--	28,635
Office supplies	33,004	3,821	5,349	42,174
COVID-19 related expenses	295,740	--	--	295,740
Special events	--	--	13,473	13,473
Administration	--	6,212	--	6,212
Omaha Shelter Trust reimbursable expenses	2,873	--	--	2,873
Total expenses	$ 10,339,650	806,502	1,365,604	12,511,756

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statements of Cash Flows (continued)
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,800,029)	(829,895)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,944,182	1,934,070
Gain on forgiveness of Paycheck Protection Program loan	--	(490,000)
(Gain) loss on disposal of property and equipment	23,768	(1,322)
Change in beneficial interest in Omaha Shelter for the Homeless Trust	102,186	(63,167)
Change in beneficial interest in Omaha Community Foundation	187,830	(50,095)
Net realized and unrealized gain on investments	163,584	(2,521)
Expenses paid by Omaha Shelter for the Homeless Trust	3,652	12,530
Contribution of interest in subsidiary	(912,774)	--
Capital contribution	(20,000)	--
(Increase) decrease in assets -		
Tenant receivables	5,431	(6,546)
Grants receivable	256,026	(47,184)
Prepaid expenses and other	71,962	(53,010)
Increase (decrease) in liabilities -		
Accounts payable and accrued expenses	(208,093)	452,605
Refundable advances	103,835	--
Tenant security deposits	(750)	(500)
Net cash provided by (used in) operating activities	(79,190)	854,965
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	--	3,500
Purchases of property and equipment	(2,478,708)	(539,197)
Purchases of investments	(5,284,758)	(130,926)
Proceeds from sale of investments	749,709	113,031
Net cash used in investing activities	(7,013,757)	(553,592)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from construction note payable	2,339,779	--
Debt issuance costs	(47,827)	--
Capital contributions received	20,000	--
Net cash provided by financing activities	2,311,952	--
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(4,780,995)	301,373
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	7,374,038	7,072,665
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	$ 2,593,043	7,374,038

See notes to consolidated financial statements

Siena Francis House and Subsidiaries

Consolidated Statements of Cash Flows (continued)
For the Years Ended December 31, 2022 and 2021

		2022	2021
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:			
Accounts payable for construction	$	292,913	--
Activity with beneficial interest in Omaha Shelter for the Homeless Trust:			
Property capitalized	$	6,848	1,051,401
Expenses paid on behalf of Siena	$	3,652	12,530
Forgiveness of Paycheck Protection Program loan	$	--	490,000
Contribution of interest in subsidiary:			
Land	$	912,774	--
Construction in progress		326,204	
Accounts payable - construction		(326,204)	--
	$	912,774	--
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO STATEMENTS OF FINANCIAL POSITION:			
Cash and cash equivalents	$	1,624,055	6,392,984
Restricted cash		968,988	981,054
Total cash, cash equivalents, and restricted cash	$	2,593,043	7,374,038

See notes to consolidated financial statements

(1) Description of Organization and Principles of Consolidation

The Siena Francis House (Siena), located in Omaha, Nebraska, welcomes, shelters, and empowers individuals experiencing homelessness to navigate their own path to safe and appropriate housing.

Siena Francis General Partner LLC is the general partner of Siena Francis House Permanent Supportive Housing, Limited Partnership (the L.P.). Siena is the sole member of Siena Francis General Partner, LLC. The L.P. consists of forty-eight apartment units which house homeless men and women who have a disabling condition, and a community services facility which contains offices for Siena employees and employees of partnering agencies, classrooms, meeting rooms and nursing stations, both located in Omaha, Nebraska.

1528 N. 16th Managing Member LLC, located in Omaha, Nebraska, is the general partner of 1528 N. 16th LLC (the LLC). On March 1, 2022, Siena was assigned 100% of the membership interest in 1528 N. 16th Managing Member LLC. 1528 N.16th LLC was formed in 2018 for the purpose of acquiring land north of the Siena campus for the Cottages project to provide promise, opportunity and housing for persons who had experienced homelessness. Construction of the Cottages project started in March 2022 and is expected to be completed in 2023. The Cottages will consist of fifty single occupant homes to be provided to families of low and moderate income. Upon acquisition of the membership interest of 1528 N. 16th Managing Member LLC, Siena recognized the fair value of assets received and less liabilities assumed at the acquisition date:

Land	$ 912,774
Construction in progress	326,204
Total identifiable assets acquired	1,238,978
Accounts payable - construction	(326,204)
Net assets acquired	$ 912,774

The consolidated financial statements include the accounts of Siena, the L.P. and the LLC (collectively, the Organization). It has been determined that the limited partners of the L.P. and LLC do not have substantive participating or protective rights. As such, Siena is presumed to control the L.P. and LLC and has consolidated the L.P. and LLC's financial statements with its own financial statements. All significant inter-entity transactions are eliminated from the consolidated financial statements.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization. These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-205, *Not-for-Profit: Presentation of Financial Statements*. Under FASB ASC Topic 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are those net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions include undesignated net assets and net assets subject to designation by the Board. The Board has designated, from net assets without donor restriction, net assets for an operating reserve.

<u>*Net assets with donor restrictions*</u> are net assets subject to restrictions imposed by donors or grantor agencies. 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. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor imposed restrictions are reported in the consolidated statements of activities as net assets released from restriction 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.

B. Estimates

The presentation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements. Actual results could differ from those estimates.

C. Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents are defined as all highly liquid investments with an original maturity of three months or less at the date of purchase that are not restricted. See Note 3 for a detail of restricted cash.

D. Grants Receivable

Grants receivable consists primarily of amounts due from local state and federal grantor agencies for amounts expended or earned under grant agreements not yet received. Siena considers grants receivable to be fully collectible. Accordingly, no allowance is deemed necessary.

E. Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the consolidated statements of activities. Donated securities are recognized as contributions equal to the fair market value of the securities at the date of gift.

F. Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair market value at the date of contribution, if donated, less accumulated depreciation. Depreciation is computed using the straight-line method. It is the Organization's policy to capitalize property and equipment over $2,500. Property and equipment are depreciated over the following estimated useful lives:

Land Improvements	15 years
Buildings	3 to 40 years
Equipment	3 to 5 years
Vehicles	5 years

The cost for maintenance and repairs is expensed as incurred. Major renewals and betterments are capitalized. When property and equipment is retired or sold, its costs and related accumulated depreciation is written off and the resulting gain or loss is included in the consolidated statements of activities.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

G. *Leases*

The Organization classifies its leases at inception as operating, direct financing, or sales-type leases. The Organization has evaluated its leases for apartment units and have classified as operating leases. Tenants sign initial one-year lease agreements which convert to month to month leases thereafter.

Leased property subject to operating leases at December 31, 2022 and 2021 include:

	2022	2021
Buildings	$ 3,567,548	3,567,548
Less accumulated depreciation	(1,318,912)	(1,189,183)
	$ 2,248,636	2,378,365

H. *Revenue Recognition*

Contributions
In accordance with FASB ASC Topic 958, contributions received are being recognized as with donor restrictions and without donor restrictions depending on the existence and/or nature of any donor restrictions. From time to time, Siena receives contributions of marketable securities which are subsequently converted to cash. However, during the holding period, gains and losses are recognized and are not considered restricted unless otherwise specified by the donor.

Promises to Give
Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give that are expected to be collected or paid in more than one year are recognized at the present value of estimated future cash flows. Management estimates uncollectible amounts of the unconditional promises to give. The estimate of the uncollectible amounts will be assessed throughout the periods of scheduled receipts and adjusted accordingly. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Government and Other Grants
Certain contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Organization received $103,835 and $-0-, respectively, in refundable advances as of December 31, 2022 and 2021.

Contributions of Nonfinancial Assets
Contributions of nonfinancial assets are recognized at their estimated fair value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Organization. A substantial number of volunteers contribute significant amounts of time to the activities of Siena, but these services do not meet the criteria for recognition.

Rental Income, Net
Rent revenue reflects the gross rent potential based on the approved contract rent amount. The approved contract rent amount is based on the applicable area median income in accordance with the Land Use Restriction Agreement with the Nebraska Investment Finance Authority. Tenant rent payments based on tenant income levels are due on the first of the month for that month. Tenant assistance payments are received for each applicable month for up to 30 units under an agreement with Siena which provides assistance to designated tenants to ensure monthly rental payments do not exceed 30% of their monthly income. In addition, certain tenants have agreements with Douglas County General Assistance to provide an additional rental subsidy. Apartment vacancies are recognized for rent revenue lost through vacancy of an apartment unit.

I. Advertising Costs

The Organization expenses all advertising costs as incurred. The Organization had $281,116 and $152,527 in advertising expenses during the years ended December 31, 2022 and 2021, respectively.

J. Income Taxes

Siena is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of their exempt purpose is not subject to income tax. Any income earned through activities not related to their exempt purpose is subject to income tax at normal corporate rates.

The L.P. and LLC are not tax paying entities for federal income tax purposes. Income from these entities is passed through to their respective owners, who report income on their individual tax returns. As such, no income tax expense has been recognized in the consolidated financial statements.

For the years ended December 31, 2022 and 2021, the Organization had no tax liability on unrelated business activity. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

K. Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, security, professional services, office expenses, information technology, telephone, and office expenses, which are allocated on the basis of estimates of time and effort.

L. Accounting Standards Adopted

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ended December 31, 2022 and has adjusted the presentation in the financial statements accordingly. The amendment has been applied retrospectively to all periods presented, with no effect on net assets.

M. Reclassification

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 reporting format. The reclassifications had no impact on previously reported changes in net assets.

N. Subsequent Events

The Organization considered events occurring through August 25, 2023 for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were available to be issued.

(3) Restricted Cash

The Organization's restricted cash balance is comprised of the following at December 31, 2022 and 2021:

	2022	2021
Collateral security funds	$ 507,452	507,402
Supplemental operating reserve	350,067	350,032
Operating reserve	98,796	98,786
Replacement reserve	7,200	19,301
Tenant security deposits held in trust	5,473	5,533
	$ 968,988	981,054

Collateral Security Funds
In accordance with the L.P. limited partnership agreement, Siena is required to maintain a pledge account of at least $500,000 as collateral security for its obligations under the agreement. This account is for the benefit of the Limited Partner, and disbursements from and termination of the account requires the approval of the Limited Partner.

Supplemental Operating Reserve
The L.P. is required to fund a supplemental operating reserve account of at least $346,047. Withdrawals must be approved by the Limited Partner and can only be used to supplement lost annual rental subsidy. As of December 31, 2022 and 2021, the supplemental operating reserve has been fully funded.

Operating Reserve
The L.P. is required to fund an operating reserve of at least $98,333. Withdrawals must be approved by the Limited Partner. As of December 31, 2022 and 2021, the operating reserve has been fully funded.

Replacement Reserve
The L.P. is required to maintain a reserve to fund repairs, capital expenditures and other costs approved by the Limited Partner. The replacement reserve is to be funded in the original amount of $250 per apartment unit per year and shall increase by ten percent on each fifth anniversary. The per unit amount increased to $275 on April 1, 2018. The balance of the reserve must be maintained at an amount equal to six monthly installments. At December 31, 2022 and 2021, the balance of the reserve has been adequately maintained.

Additional reserves will be required to be maintained by the LLC upon project completion.

(4) Liquidity and Availability of Resources

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

	2022	2021
Cash and cash equivalents	$ 1,624,055	6,392,984
Restricted cash	968,988	981,054
Tenant receivables	4,473	9,904
Grants receivable	206,797	462,823
Investments	4,908,994	537,529
Beneficial interest in assets held by others	1,985,002	2,285,518
Total financial assets	9,698,309	10,669,812
Less: those unavailable for general expenditures within one year due to:		
Restricted cash	(968,988)	(981,054)
Donor restrictions subject to expenditure for specific purpose	(491,309)	(256,223)
Beneficial interest in assets held by others	(1,985,002)	(2,285,518)
Total financial assets available within one year	$ 6,253,010	7,147,017

As of December 31, 2022 and 2021, respectively, $2,750,000 was designated as an operating reserve by the Board of Directors. This balance is included above as it could be accessed with board approval if needed.

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

(5) Grants Receivable

The Organization receives grants from various entities. The detail of the grants receivable and the respective granting agencies at December 31, 2022 and 2021 is listed below.

		2022	2021
Department of Housing and Urban Development	$	--	202,465
United Way		118,752	127,500
Nebraska Homeless Assistance Program		28,236	44,611
Department of Veterans' Affairs		27,907	36,956
Other		31,902	51,291
	$	206,797	462,823

The Organization expects to collect all grants within the next year.

(6) Fair Value Measurements

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability;
Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs are unobservable for the asset or liability.

For the years ended December 31, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and cash equivalents: Valued at cost which approximates fair value due to the short term nature of the security.

Debt securities: Debt securities include corporate bonds, the fair value of which are based on quoted market prices, if available, or estimated using pricing models, quoted prices of similar securities with similar characteristics, or discounted cash flows.

Mutual funds and exchange traded funds: Value determined by the closing price in the actively traded market.

Beneficial interest in assets held by others: Valued at the fair value of the Organization's share of the Omaha Community Foundation's investment pool, and amounts held in the Omaha Shelter for Homeless Trust, which is unobservable to market participants, as of the measurement date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

		2022			
		Fair Value	Level 1	Level 2	Level 3
Fixed income securities:					
Corporate bonds	$	1,756,263	1,756,263	--	--
Exchange traded funds:					
Equity		1,777,087	1,777,087	--	--
Fixed income		1,135,667	1,135,667	--	--
Beneficial interest in assets held by others		1,985,002	--	--	1,985,002
		6,654,019	4,669,017	--	1,985,002
Cash and cash equivalents, at cost		239,977			
	$	6,893,996			

		2021			
		Fair Value	Level 1	Level 2	Level 3
Mutual funds	$	537,529	537,529	--	--
Beneficial interest in assets held by others		2,285,518	--	--	2,285,518
	$	2,823,047	537,529	--	2,285,518

There were no transfers between the levels during the years ended December 31, 2022 and 2021.

The following table summarizes the Organization's Level 3 beneficial interests in assets held by others during the year ended December 31, 2022:

		2022	2021
Balance at beginning of year	$	2,285,518	3,136,187
Withdrawals		(53,701)	(1,104,880)
Share of (depreciation) appreciation of funds		(246,815)	154,211
Balance at end of year	$	1,985,002	2,285,518

(7) Property and Equipment, Net

Property and equipment at December 31, 2022 and 2021 consists of the following:

		2022	2021
Land	$	2,490,223	1,577,449
Land improvements		723,912	500,561
Buildings		33,471,999	33,654,073
Equipment		2,586,016	2,456,674
Vehicles		218,440	208,586
Construction in progress		2,604,865	38,574
		42,095,454	38,435,917
Less accumulated depreciation		(9,285,091)	(7,350,843)
	$	32,809,933	31,085,074

Construction in progress primarily consists of costs related to the Cottages project (Note 1). Total project costs are estimated at $8,500,000. The project is expected to be completed in summer 2023. 1528 N 16th LLC applied for and was approved for low-income housing tax credits amounting to $7,088,392. The remaining costs of the project are to be funded by future contributions. Interim financing was obtained in the amount of $6,377,000 (Note 9). During 2022 and 2021, interest of $55,115 and $0, respectively, was capitalized in construction in progress.

The consolidated statements of activities include depreciation expense of $1,942,616 and $1,932,191 and amortization expense of $1,566 and $1,879 for the years ended December 31, 2022 and 2021, respectively.

(8) Beneficial Interests

Beneficial interest in assets held by others at December 31, 2022 and 2021 consist of the following:

		2022	2021
Omaha Shelter for Homeless Trust	$	1,212,781	1,325,467
Omaha Community Foundation		772,221	960,051
	$	1,985,002	2,285,518

Omaha Shelter for Homeless Trust

During 2018, Siena signed a development agreement (the agreement) with the Omaha Shelter for Homeless Trust (the Trust), a 501(c)(3) organization, whereby the Trust will assist Siena in the development of new shelters on Siena's campus (the Project). The agreement between the parties indicates the Project is owned by Siena and calls for the Trust to raise funds, manage construction and perform other duties required to complete the shelters.

The donor pledges shown as beneficial interest to Siena represent the amounts pledged that will inure to the benefit of Siena. These pledges are commitments that have been obtained by the Trust. The beneficial interests that were transferred to Siena were $1,212,781 and $1,325,467 as of December 31, 2022 and 2021, respectively, and are reported at an amount that reflects adjustments for the present value of the total amounts pledged.

Phase I of the Project (the main shelter) was completed in 2019. Phase II of the Project was started in 2019 and completed in 2020. The costs incurred have been transferred from the original amount of the beneficial interest and included in property and equipment, net in the consolidated statements of financial position.

The Trust incurred other expenses of $3,652 and $12,530 during the years ended December 31, 2022 and 2021. These costs have been transferred from the original amount of the beneficial interest and recognized as expenses by Siena.

The beneficial interest recognized by Siena, in excess of the cost of the shelter and the fundraising expenses, will be used for additional enhancements to Siena's campus. The remainder of the funds held in trust are expected to be realized in 2023.

Omaha Community Foundation
Siena established the Siena Francis House Endowment Fund (the Fund) under an Agency Endowment Agreement (Agreement) at the Omaha Community Foundation (OCF) to support the charitable purpose of Siena. At the time of the transfer, Siena granted variance power to OCF. That power gives OCF the right to distribute the assets of the Fund and investment income to another not-for-profit entity of its choice if Siena ceases to exist or if the governing board of OCF votes that support for Siena (a) is no longer necessary or (b) is inconsistent with the needs of the Foundation. Under the terms of the Agreement, Siena may request distributions from the Fund in an amount not to exceed the current OCF endowment annual fund net asset spending percentage. The annual spending percentage is set from time to time by the Board of Directors of OCF. The current annual spending percentage is 4.5%. At December 31, 2022 and 2021 the Fund had a value of $772,221 and $960,051, respectively, which is reported in the consolidated statements of financial position as beneficial interest in assets held by others.

(9) Notes Payable

A summary of notes payable at December 31, 2022 and 2021 is as follows:

	2022	2021
Affordable Housing Program loan (A)	400,000	400,000
Construction loan payable, with interest only payments due monthly at variable interest rates, currently 8.0% at December 31, 2022, maturing May 2024	2,339,779	--
Total notes payable	2,739,779	--
Less unamortized debt issuance costs	47,827	--
Total notes payable, net	$ 2,691,952	400,000

(A) Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) Loan Agreement - The promissory note between Siena and ANB state that Siena promises to pay ANB the principal sum without interest, except upon an event of default. If no default occurs, the notes shall be forgiven if the FHLB's AHP requirements are met upon the 15-year anniversary (October 24, 2027). The notes are secured by a deed of trust on the related property owned by the LP.

The agreement with FHLB consist of: (1) an AHP Loan Agreement; (2) two separate promissory notes between Siena and the L.P. totaling $400,000; and (3) two separate promissory notes between Siena and American National Bank (ANB) totaling $400,000. The loan agreement indicates that ANB is the member bank for the FHLB, the L.P. is the owner and Siena is the sponsor. Siena loaned an additional $400,000 to the L.P. under the same terms after expected AHP funding changed.

The promissory notes between Siena and the L.P. are non-interest bearing. The notes are due upon the date which the property is sold or refinanced; or, December 31, 2058. These notes have been eliminated upon consolidation.

(10) Net Assets

Without Donor Restrictions
The Board of Directors has designated funds for an operating reserve with the annual income available for current operations. The amount of designated net assets at December 31, 2022 and 2021 was $2,750,000, respectively.

With Donor Restrictions
Donor-imposed restrictions on net assets are considered temporary restrictions with the exception of the beneficial interest in assets held by others. Such net assets are available at December 31, 2022 and 2021, with the following restrictions:

		2022	2021
Purpose restrictions -			
Omaha Shelter for Homeless Trust	$	1,212,781	1,325,467
American Rescue Plan Act funds		98,072	--
Other program purposes		393,237	256,223
Time restrictions		118,752	127,500
Beneficial interest restricted in perpetuity		772,221	960,051
	$	2,595,061	2,669,241

Releases From Restrictions
During the years ended December 31, 2022 and 2021, net assets with donor restrictions were released for the following purposes:

		2022	2021
Purpose restrictions -			
Omaha Shelter for Homeless Trust	$	112,686	1,063,931
Rehousing and reintegration		118,752	131,000
American Rescue Plan Act funds		101,183	--
CARES Act funds		--	282,566
Other programs		328,426	438,241
		661,047	1,915,738
Time restrictions		127,500	75,000
	$	788,547	1,990,738

(11) Noncontrolling interest in subsidiaries

Per FASB ASC Topic 958-810-50-4 and 50-5, consolidated financial statements are required to provide a schedule of changes in consolidated net assets reconciling beginning and ending balances attributable to the parent and to the non-controlling interest.

The tables below present the activity of the controlling and noncontrolling interests in the L.P. and LLC, respectively, as of and for the years ending December 31, 2022 and 2021:

Siena Francis House Permanent Supporting Housing, L.P.

		Non-Controlling Interest	Controlling Interest	Total
Balance, December 31, 2020	$	3,177,872	312	3,178,184
Change in net assets without donor restrictions		(155,425)	(16)	(155,441)
Balance, December 31, 2021		3,022,447	296	3,022,743
Change in net assets without donor restrictions		(199,506)	(19)	(199,525)
Balance, December 31, 2022	$	2,822,941	277	2,823,218

1528 N. 16th Street, LLC

		Non-Controlling Interest	Controlling Interest	Total
Balance, December 31, 2020	$	--	--	--
Change in net assets without donor restrictions		--	--	--
Balance, December 31, 2021		--	--	--
Change in net assets without donor restrictions		932,683	91	932,774
Balance, December 31, 2022	$	932,683	91	932,774

(12) Contributions of Nonfinancial Assets

During the years ended December 31, 2022 and 2021, the Organization received contributions without donor restrictions as follows:

		2022	2021
Clothing and other household items	$	2,348,830	2,720,535
Food		925,770	649,318
Vehicle		9,853	--
Total in-kind contributions	$	3,284,453	3,369,853

Management valued clothing and other household items and food using the fair market value of the items received considering their condition and utility for use at the time of the contribution. Clothing, other household items and food are used in program services. The donated vehicle was valued at fair market value by the donor based on the current value of the item.

(13) Paycheck Protection Program Loan Forgiveness

During the year ended December 31, 2020, the Organization applied for and was granted a $490,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Association approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The loan accrued interest, but payments were not required to begin for six months to one year after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. In 2021, the Organization received forgiveness of the loan; the forgiveness of these funds are included in government grants on the consolidated statement of activities for the year ended December 31, 2021.

(14) Retirement Plan

Siena sponsors a SIMPLE IRA plan for all employees who meet plan criteria. Siena is required to make matching contributions up to 3% of employee compensation for eligible participants. Siena's contributions were $63,274 and $40,594 for the years ended December 31, 2022 and 2021, respectively. These amounts are included in employee benefits expense on the consolidated statements of functional expenses.

(15) Risks and Uncertainties

The Organization at times maintains cash balances in excess of Federal Deposit Insurance Corporation (FDIC) insured limits which represent concentrations of credit risk to the Organization. Accounts are guaranteed by the FDIC up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022 and 2021, the Organization had approximately $1,378,000 and $6,332,000, respectively, in excess of FDIC insured limits.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. 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 that such changes could materially affect the amounts reported in the consolidated financial statements.

(16) Contingencies

Low Income Housing Tax Credits

The L.P. has received an allocation from the Nebraska Investment Finance Authority (NIFA) anticipated to generate $6,262,300 of low-income housing tax credits. Generally, these tax credits become available for use by its partners, pro-rata, over a ten-year period that began in 2013. Because these tax credits are subject to complying with federal and state regulatory requirements, there can be no assurance that the aggregate amount of the tax credits will be realized. Failure to meet all requirements may result in generating a lesser amount of tax credits than the expected amount. Also, failure to maintain compliance with occupant eligibility conditions, unit gross rent conditions, or corrections to noncompliance could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the capital contributed by the limited partner. Repayment of the tax credits is not considered probable therefore no liability has been reflected in the consolidated statements of financial position.

The LLC has received an allocation from the Nebraska Investment Finance Authority (NIFA) anticipated to generate $7,088,392 of low-income housing tax credits. Generally, these tax credits become available for use by its partners, pro-rata, over a ten-year period that began in 2023. Because these tax credits are subject to complying with federal and state regulatory requirements, there can be no assurance that the aggregate amount of the tax credits will be realized. Failure to meet all requirements may result in generating a lesser amount of tax credits than the expected amount. Also, failure to maintain compliance with occupant eligibility conditions, unit gross rent conditions, or corrections to noncompliance could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the capital contributed by the limited partner. Repayment of the tax credits is not considered probable therefore no liability has been reflected in the consolidated statements of financial position.

Supportive Housing Program (SHP) Grant and Loan Agreements

The SHP grant and loan agreement indicates that Siena is the lender and the L.P. is the borrower. The interest rate is 3.45% per annum. Annual payments are based on available cash flow (as defined in the agreement), with all unpaid principal and interest due on October 31, 2057. This note has been eliminated upon consolidation.

The loan amount of $640,117 was funded by two grants awarded in 2011 to Siena from U.S. Department of Housing and Urban Development (HUD). Additional grants for operating expenses are also available under annual renewals of the SHP grant with HUD. Siena received $69,175 and $77,116 in continuum of care grants from HUD for the years ended December 2022 and 2021. Siena has provided HUD a deed restriction to secure HUD's repayment of the grants if a default of the grant agreements should occur. The L.P. has provided Siena a second deed of trust on the property.

A Declaration of Restrictive Covenants between the United States Department of Housing and Urban Development (HUD) and Siena binds Siena to use the project for supportive housing for low-income persons for 20 years. If the project fails to comply within 10 years, Siena is obligated to repay HUD up to the $753,246 of assistance it received from the Supportive Housing Grants. After the initial ten-year period, HUD shall reduce the percentage required to be repaid by 10 percentage points for each year Siena is in compliance.

Government Grants

Siena also participates in federal grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of Siena.

Litigation

The Organization is subject to lawsuits and claims arising in the normal course of business. In the opinion of management and legal counsel, the ultimate disposition of any claims currently pending will not have a material adverse effect on the consolidated financial position or results from operations of the Organization.

(17) Subsequent Events

In June 2023, the Organization received $1,000,000 in a partial distribution of an estate gift in which they were listed as a beneficiary. The estate is valued at approximately $5,000,000 and the Organization is subject to a beneficial interest of one-third of the value of the estate.

Siena Francis House and Subsidiaries Exhibit 1

Consolidating Statements of Financial Position
December 31, 2022

		Siena Francis House	Siena Francis House Permanent Supportive Housing L.P.	1528 N. 16th LLC	Eliminations	Totals
ASSETS						
Cash and cash equivalents	$	1,605,869	18,186	--	--	1,624,055
Restricted cash		507,452	461,536	--	--	968,988
Tenant receivables		--	4,473	--	--	4,473
Grants receivable		206,797	--	--	--	206,797
Due from Siena Francis House Permanent Supportive Housing L.P.		1,725,379	--	--	(1,725,379)	--
Due from Siena Francis House		--	2,315	--	(2,315)	--
Investments		4,908,994	--	--	--	4,908,994
Investment in subsidiaries		368	--	--	(368)	--
Prepaid expenses and other		32,027	--	--	--	32,027
Property and equipment, net		25,465,207	4,127,784	3,517,639	(300,697)	32,809,933
Operating lease right of use asset		312,790	--	--	(312,790)	--
Accounts receivable, master lease		--	29,656	--	(29,656)	--
Beneficial interest in assets held by others		1,985,002	--	--	--	1,985,002
Total assets	$	36,749,885	4,643,950	3,517,639	(2,371,205)	42,540,269
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses -						
Trade	$	669,581	91,767	--	(29,656)	731,692
Construction		--	--	292,913	--	292,913
Due to Siena Francis House Permanent Supportive Housing L.P.		2,315	--	--	(2,315)	--
Due to Siena Francis House		--	1,725,379	--	(1,725,379)	--
Refundable advances		103,835	--	--	--	103,835
Tenant security deposits		--	3,586	--	--	3,586
Notes payable		400,000	--	2,291,952	--	2,691,952
Operating lease liability		312,790	--	--	(312,790)	--
Total liabilities		1,488,521	1,820,732	2,584,865	(2,070,140)	3,823,978
Net assets:						
Without donor restrictions:						
Siena Francis House -						
Undesignated		29,916,303	277	91	(301,065)	29,615,606
Designated by board		2,750,000	--	--	--	2,750,000
Non-controlling interest in subsidiaries		--	2,822,941	932,683	--	3,755,624
Total net assets without donor restrictions		32,666,303	2,823,218	932,774	(301,065)	36,121,230
With donor restrictions		2,595,061	--	--	--	2,595,061
Total net assets		35,261,364	2,823,218	932,774	(301,065)	38,716,291
Total liabilities and net assets	$	36,749,885	4,643,950	3,517,639	(2,371,205)	42,540,269

See accompanying independent auditor's report

Consolidating Statements of Activities
For the Year Ended December 31, 2022

	Siena Francis House	Siena Francis House Permanent Supportive Housing L.P.	1528 N. 16th LLC	Eliminations	Totals
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
REVENUE, GAINS (LOSSES), AND OTHER SUPPORT-					
Contributions and other grants	$ 5,079,771	--	--	--	5,079,771
Government grants	777,305	50,000	--	(50,000)	777,305
Contributions of nonfinancial assets	3,284,453	--	--	--	3,284,453
Special events	30,704	--	--	--	30,704
Rental income, net	--	230,782	--	(3,714)	227,068
Investment income (loss), net	(106,281)	47	--	--	(106,234)
Loss on disposal of property and equipment	(23,768)	--	--	--	(23,768)
Other revenue	191,156	43,244	--	(69,309)	165,091
Net assets released from restrictions	788,547	--	--	--	788,547
Total revenue, gains and other support, net	10,021,887	324,073	--	(123,023)	10,222,937
EXPENSES:					
Program services	10,342,272	456,561	--	(104,377)	10,694,456
Management and general	779,555	67,037	--	(31,275)	815,317
Fundraising	1,371,787	--	--	--	1,371,787
Total expenses	12,493,614	523,598	--	(135,652)	12,881,560
DEFICIENCY OF REVENUE, GAINS AND OTHER SUPPORT OVER EXPENSES	(2,471,727)	(199,525)	--	12,629	(2,658,623)
CONTRIBUTION OF INTEREST IN SUBSIDIARY	--	--	912,774	--	912,774
CAPITAL CONTRIBUTION	--	--	20,000	--	20,000
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,471,727)	(199,525)	932,774	12,629	(1,725,849)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:					
REVENUE, GAINS, AND OTHER SUPPORT-					
Contributions and other grants	702,942	--	--	--	702,942
Government grants	199,255	--	--	--	199,255
Change in value of beneficial interest in assets held by others	(187,830)	--	--	--	(187,830)
Net assets released from restrictions	(788,547)	--	--	--	(788,547)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(74,180)	--	--	--	(74,180)
CHANGE IN NET ASSETS	(2,545,907)	(199,525)	932,774	12,629	(1,800,029)
NET ASSETS, Beginning of year	37,807,271	3,022,743	--	(313,694)	40,516,320
NET ASSETS, End of year	$ 35,261,364	2,823,218	932,774	(301,065)	38,716,291

See accompanying independent auditor's report

Schedule of Expenditures of Federal Awards and Notes to the Schedule
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
US Department of Housing and Urban Development			
Passed through the City of Omaha			
COVID-19 Emergency Solutions Grants Program	14.231	ESG-CV1	$ 167,487
		ESG-CV2	122,207
			289,694
Continuum of Care Program	14.267	NE0034L7D012008	69,175
Passed through the Omaha Housing Authority			
Section 8 Housing Choice Vouchers	14.871	N/A	119,008
Total Department of Housing and Urban Development			477,877
US Department of Veterans Affairs			
Direct Award			
VA Homeless Providers Grant and Per Diem Program	64.024		289,190
Total Expenditures of Federal Awards			$ 767,067

The accompanying notes are an integral part of this schedule.

Notes to the Schedule

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2022. 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 the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization.

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 the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to subrecipients.

Note 3: Indirect Cost Rate

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Siena Francis House
Omaha, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Siena Francis House and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated August 25, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Omaha, Nebraska,
August 25, 2023.

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Board of Directors of
Siena Francis House
Omaha, Nebraska:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Siena Francis House and Subsidiaries' (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's 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, the Organization 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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 and therefore, material weakness or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Omaha, Nebraska,
August 25, 2023.

Part I: SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	X	Yes		No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to consolidated financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?	X	Yes		None Reported

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

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

Identification of major federal programs:

Assistance Listing Number(s)	Names of Federal Program or Cluster
14.231	Emergency Solutions Grant
64.024	VA Homeless Providers Grant and Per Diem Program

Dollar threshold used to distinguish between type A and type B programs	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Part II: CONSOLIDATED FINANCIAL STATEMENT FINDINGS

Item 2022-001

Material Weakness

Criteria: The design or operation of the Organization's internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in the consolidated financial statements on a timely basis and to draft the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the schedule of expenditures of federal awards in accordance with Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Condition: The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) and the schedule of expenditures of federal awards in accordance with the Uniform Guidance requires tremendous detail. In performing our audit, we experienced delays in the receipt of critical financial information, and a certain newly formed entity was initially not considered for inclusion in the consolidated financial statements. This resulted in several material audit adjusting entries being proposed and recorded by management. Several revisions were also required to the schedule of expenditures of federal awards. Additionally, we were engaged to assist management with the drafting of the consolidated financial statements and the schedule of expenditures of federal awards.

Cause: Management relies on external auditors to ensure that consolidated financial statements are properly drafted in accordance with GAAP and the schedule of expenditures of federal awards is presented in accordance with Uniform Guidance requirements. As a result, several adjusting journal entries were recorded by management, and a certain newly formed entity was added to the consolidated financial statements that was not initially considered in the financial reporting process, and several revisions were made to the schedule of expenditures of federal awards.

Effect: Several material audit adjusting entries were proposed and recorded by management to accurately present the consolidated financial statements in accordance with GAAP and several revisions were made to the schedule of expenditures of federal awards to ensure all federal expenditures were included. There is also a risk that certain disclosures could be omitted from the consolidated financial statements due to management's lack of involvement in the drafting process.

Recommendation: We recommend that management continue to evaluate its processes and controls over internal control over financial reporting to ensure activities and transactions are properly recognized and accurately reported in the consolidated financial statements and schedule of expenditures of federal awards as well as to ensure consolidated financial statements drafted by external auditors are complete and accurate.

Views of Responsible Officials: Management is aware of the deficiency of internal control over drafting of consolidated financial statements and errors related to such statements and the schedule of expenditures of federal awards. Management is in the process of reviewing its accounting processes and procedures required to accurately reflect the activities of the Organization. Additionally, management has chosen to rely on the assistance of external auditors for cost savings.

Part III: Federal Award Findings and Questioned Costs

Item 2022-002

Significant Deficiency

Identification of the Federal Program	Emergency Solutions Grant Program Federal Assistance Listing – 14.231
Criteria:	The program is subject to the general procurement standards as applicable in Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 2 CFR 200.318 indicates that non-Federal entities must have and use documented procurement procedures consistent with state, local and tribal laws and regulations.
Condition:	The Organization's procurement policy is not consistent with the general procurement standards as defined in Title 2, CFR Part 200. Certain provisions of the Organization's policies were lacking or not consistent with the policies outlined in the general procurement standards.
Cause:	The Organization historically had not received a significant amount of federal grant awards and did not have a control structure in place to ensure that existing policies met the required elements. Since the COVID-19 pandemic, the Organization has been awarded several federal grant awards and as a result have needed some updates in policies.
Effect:	The Organization's policies are not in compliance with the Uniform Guidance.
Recommendation:	We recommend that management review and revise its procurement policy to ensure it is in compliance with federal standards.
Views of Responsible Officials:	Management is aware of the deficiency of internal control over compliance related to the general procurement standards. The Organization is in the process of amending its financial policies and procedures to be more consistent with the requirements of 2 CFR 200.