

COMMON GROUND
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan

COMMON GROUND

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENTS OF FINANCIAL POSITION.....	4
STATEMENTS OF ACTIVITIES.....	5
STATEMENT OF FUNCTIONAL EXPENSES, SEPTEMBER 30, 2023.....	6
STATEMENT OF FUNCTIONAL EXPENSES, SEPTEMBER 30, 2022.....	7
STATEMENTS OF CASH FLOWS.....	8
NOTES TO FINANCIAL STATEMENTS.....	9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	29
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	31
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	32
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	34
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	37

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Common Ground

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Common Ground (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Common Ground as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Common Ground's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Common Ground'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 Common Ground'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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 January 10, 2024, on our consideration of Common Ground'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 Common Ground'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 Common Ground's internal control over financial reporting and compliance.

Boisvenue & Company, P.C.

January 10, 2024

COMMON GROUND

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,404,740	\$ 5,181,934
Accounts receivable - net	3,447,799	1,653,569
Prepaid expenses	<u>139,222</u>	<u>171,026</u>
Total Current Assets	<u>4,991,761</u>	<u>7,006,529</u>
Non-current Assets		
Security deposit	3,412	3,412
Property, equipment and leasehold improvements - net	100,249	102,211
Beneficial interest in perpetual endowment	101,352	94,420
Right-of-use assets - operating lease	<u>128,628</u>	<u>-</u>
Total Non-current Assets	<u>333,641</u>	<u>200,043</u>
TOTAL ASSETS	<u><u>\$ 5,325,402</u></u>	<u><u>\$ 7,206,572</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 354,119	\$ 1,824,561
Accrued salaries and payroll taxes	1,006,401	745,118
Refundable advance	35,400	35,250
Agency obligations	2,368	10,406
Operating lease liabilities - current portion	<u>67,851</u>	<u>-</u>
Total Current Liabilities	<u>1,466,139</u>	<u>2,615,335</u>
Long-term Liabilities		
Operating lease liabilities - net of current portion	<u>60,777</u>	<u>-</u>
Total Liabilities	<u>1,526,916</u>	<u>2,615,335</u>
Net Assets		
Without Donor Restrictions	3,198,480	3,669,451
With Donor Restrictions	<u>600,006</u>	<u>921,786</u>
Total Net Assets	<u>3,798,486</u>	<u>4,591,237</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,325,402</u></u>	<u><u>\$ 7,206,572</u></u>

See accompanying notes to financial statements.

COMMON GROUND

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
REVENUE AND SUPPORT						
Governmental agency contracts	\$ 25,897,589	\$ -	\$ 25,897,589	\$ 20,631,181	\$ -	\$ 20,631,181
Gifts and contributions	288,551	269,039	557,590	346,833	1,147,187	1,494,020
Special event - net	6,114	126,390	132,504	-	27,542	27,542
Contributions of non-financial assets	99,902	-	99,902	97,178	38,646	135,824
Program and other income	206,638	-	206,638	54,786	-	54,786
Investment income (deficit)	55,677	6,932	62,609	1,215	(17,453)	(16,238)
	<u>26,554,471</u>	<u>402,361</u>	<u>26,956,832</u>	<u>21,131,193</u>	<u>1,195,922</u>	<u>22,327,115</u>
Net assets released from restrictions	724,141	(724,141)	-	1,037,661	(1,037,661)	-
TOTAL REVENUE AND SUPPORT	<u>27,278,612</u>	<u>(321,780)</u>	<u>26,956,832</u>	<u>22,168,854</u>	<u>158,261</u>	<u>22,327,115</u>
EXPENSES						
Program Services						
Responding to crisis	20,282,365	-	20,282,365	14,506,675	-	14,506,675
Providing safety and advocacy	4,457,323	-	4,457,323	4,717,393	-	4,717,393
Building communities of support	178,338	-	178,338	121,104	-	121,104
Total Program Services	<u>24,918,026</u>	<u>-</u>	<u>24,918,026</u>	<u>19,345,172</u>	<u>-</u>	<u>19,345,172</u>
Supporting Services						
Management and general	2,415,436	-	2,415,436	2,002,349	-	2,002,349
Fund raising	416,121	-	416,121	282,576	-	282,576
Total Supporting Services	<u>2,831,557</u>	<u>-</u>	<u>2,831,557</u>	<u>2,284,925</u>	<u>-</u>	<u>2,284,925</u>
TOTAL EXPENSES	<u>27,749,583</u>	<u>-</u>	<u>27,749,583</u>	<u>21,630,097</u>	<u>-</u>	<u>21,630,097</u>
CHANGE IN NET ASSETS	(470,971)	(321,780)	(792,751)	538,757	158,261	697,018
NET ASSETS, beginning of year	<u>3,669,451</u>	<u>921,786</u>	<u>4,591,237</u>	<u>3,130,694</u>	<u>763,525</u>	<u>3,894,219</u>
NET ASSETS, end of year	<u>\$ 3,198,480</u>	<u>\$ 600,006</u>	<u>\$ 3,798,486</u>	<u>\$ 3,669,451</u>	<u>\$ 921,786</u>	<u>\$ 4,591,237</u>

See accompanying notes to financial statements.

COMMON GROUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

	Program Services			Supporting Services		Total
	Responding to Crisis	Providing Safety and Advocacy	Building Communities of Support	Management and General	Fund Raising	
Salaries and wages	\$ 13,718,671	\$ 2,131,617	\$ 53,035	\$ 1,293,933	\$ 123,748	\$ 17,321,004
Fringes and personnel costs	2,852,086	480,247	13,511	533,206	31,524	3,910,574
Contract services	1,856,699	605,486	82,213	299,951	191,831	3,036,180
Occupancy	649,687	696,259	9,514	159,662	22,199	1,537,321
Telephone	116,580	35,770	1,250	22,038	2,916	178,554
Other communications	23,767	5,750	7,642	4,774	17,832	59,765
Information and education	101,795	30,311	166	26,762	387	159,421
Supplies and materials	505,153	178,716	4,206	50,730	11,738	750,543
Specific assistance	40,614	112,559	825	-	-	153,998
Transportation and travel	123,772	64,537	1,491	3,155	3,478	196,433
Equipment, rental, and maintenance	14,280	7,690	327	3,105	764	26,166
Insurance	245,456	36,427	1,432	13,501	3,342	300,158
Volunteer services and in-kind materials	18,309	69,547	2,666	3,158	6,222	99,902
Depreciation	15,496	2,407	60	1,461	140	19,564
Total Functional Expenses	<u>\$ 20,282,365</u>	<u>\$ 4,457,323</u>	<u>\$ 178,338</u>	<u>\$ 2,415,436</u>	<u>\$ 416,121</u>	<u>\$ 27,749,583</u>

See accompanying notes to financial statements.

COMMON GROUND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2022

	Program Services			Supporting Services		Total
	Responding to Crisis	Providing Safety and Advocacy	Building Communities of Support	Management and General	Fund Raising	
Salaries and wages	\$ 9,210,645	\$ 2,413,974	\$ 45,099	\$ 1,164,008	\$ 105,231	\$ 12,938,957
Fringes and personnel costs	1,858,399	512,084	11,328	383,578	26,434	2,791,823
Contract services	1,666,415	267,067	41,654	224,268	97,192	2,296,596
Occupancy	646,488	762,977	2,510	140,262	5,856	1,558,093
Telephone	116,860	47,821	893	12,611	2,082	180,267
Other communications	52,331	2,307	11,873	3,039	27,704	97,254
Information and education	114,766	44,228	666	17,614	1,553	178,827
Supplies and materials	516,822	217,980	3,891	31,474	10,100	780,267
Specific assistance	3,128	208,706	437	-	-	212,271
Transportation and travel	59,992	71,450	137	2,947	321	134,847
Equipment, rental, and maintenance	26,252	14,648	257	1,015	597	42,769
Insurance	199,992	48,892	473	17,619	1,104	268,080
Volunteer services and in-kind materials	24,461	102,606	1,837	2,634	4,286	135,824
Depreciation	10,124	2,653	49	1,280	116	14,222
Total Functional Expenses	<u>\$ 14,506,675</u>	<u>\$ 4,717,393</u>	<u>\$ 121,104</u>	<u>\$ 2,002,349</u>	<u>\$ 282,576</u>	<u>\$ 21,630,097</u>

See accompanying notes to financial statements.

COMMON GROUND
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (792,751)	\$ 697,018
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	19,564	14,222
Donated stock	-	(171,363)
Net realized loss on sale of investments	-	7,999
Net (gain) loss on endowment fund	(6,932)	17,453
Operating lease expense amortization	71,541	-
(Increase) decrease in operating assets		
Accounts receivable - net	(1,794,230)	(358,987)
Prepaid expenses	31,804	40,326
Security deposit	-	(3,412)
Increase (decrease) in operating liabilities		
Accounts payable	(1,470,442)	1,326,865
Accrued salaries and payroll taxes	261,283	200,178
Agency obligations	(8,038)	8,038
Refundable advance	150	(22,500)
Principal payments on operating leases	<u>(71,541)</u>	<u>-</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(3,759,592)</u>	<u>1,755,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,602)	(10,144)
Proceeds from sale of investments	<u>-</u>	<u>163,364</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(17,602)</u>	<u>153,220</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,777,194)	1,909,057
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,181,934</u>	<u>3,272,877</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,404,740</u>	<u>\$ 5,181,934</u>

See accompanying notes to financial statements.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Common Ground (the Organization) is a Michigan nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization's program and supporting services are as follows:

Program Services

Common Ground's core purpose is helping people move from crisis to hope. The Organization provides a comprehensive array of services to Southeast Michigan residents in crisis through a network of innovative education, prevention, intervention and information services. Services by Common Ground include:

Responding to Crisis

- *Crisis Assessment Team* – Triage and assessment for people in crisis who need access to the crisis continuum in Oakland County, including walk-in crisis services and emergency department assessments/referrals.
- *Oakland Assessment & Crisis Intervention Service (OACIS)* – provides 24/7 acute crisis stabilization for adults through an interdisciplinary team of professionals.
- *Resource and Crisis Hub* – Provides information and referral to local crisis services.
- *Genesee Mobile Crisis Service – Genesee County* – Through community-based mobile crisis teams, serves residents of Genesee County in need of immediate assistance in stabilizing mental health crises, co-occurring serious mental illness and substance use disorder crises, preventing hospitalization, and accessing medically necessary substance abuse and/or mental health services and support.
- *Crisis Intervention & Recovery Team (OCIRT) – Oakland County* – Through community-based mobile crisis teams, serves residents of Oakland County in need of immediate assistance in stabilizing mental health crises, co-occurring serious mental illness and substance use disorder crises, preventing hospitalization, and accessing medically necessary substance abuse and/or mental health services and support.
- *Kevin's Law (Oakland County)* – Assisted Outpatient Treatment Program, commonly referred to as Kevin's Law, this program is operated in collaboration with Oakland County Probate Court for persons with a mental illness who require a court order to accept outpatient mental health care.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services (continued)

Responding to Crisis (continued)

- *988/Michigan Crisis and Access Line (MiCAL)* – statewide 24-hour telephone line for people in crisis or distress.
- *Peer Warmline* – statewide 16-hour telephone line to connect people with certified peer support specialists and/or recovery coaches who have lived experiences of behavioral health issues, trauma, or personal crises, and are trained to support and empower the callers.
- *First Responder* – statewide 24-hour telephone line to connect first responders and public safety staff to first responders who are trained crisis specialists to support first responders who are in need of mental health and crisis support.
- *988 Lifeline National Back Up Center for Crisis Chat and Text* – The team responds to people in crisis reaching out for help through chat and text from across the country in times of heavy volume so that everyone receives intervention and support. This was the last year of the program.
- *Behavioral Health Urgent Care (BHUC)* – is a virtual visit platform for people across the State of Michigan who need immediate emotional or psychiatric support from a licensed healthcare provider.

Providing Safety and Advocacy

- *Victim Assistance Program* – 24-hour access to advocates for victims of crime, domestic and sexual abuse, workplace violence, and human trafficking.
- *Crisis Residential Unit (CRU)* – recovery oriented, short-term, voluntary psychiatric domiciliary care for adults that includes medication management and monitoring, nursing, group therapy, art therapy, and discharge planning for recovery.
- *The Sanctuary* – three-week voluntary residential counseling program for youths ages 10-17, with a goal of family reunification.
- *A Step Forward (ASF)* – transitional housing for homeless youths ages 16-17, for up to 24 months. This program was discontinued on February 1, 2023.
- *Graduated Apartment Program (GAP)* – subsidized apartment living for up to two years – for homeless youth aged 18-24. Residents must maintain employment and an education plan. This program was discontinued on February 1, 2023.
- *Sober Support Unit (SSU)* – voluntary 24-hour program designed to support and coach adults who need detoxification services and residential substance use treatment and have low health risks.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services (continued)

Building Communities of Support

This includes efforts related to the education of the community on mental health issues.

- *Survivors of Suicide* – bi-monthly open support groups for people who have lost a loved one to suicide. An eight-week, closed support group is also offered three times per year.
- *All for Oxford Resiliency Center* – offers long-term healing and resources to anyone impacted by the tragic events in the Oxford, Michigan community.
- *United Resiliency* – offers healing and resources to anyone impacted by the tragic events that occurred on the campus of Michigan State University.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

Fund Raising

This provides the structure necessary to encourage and secure financial and volunteer support from individuals, foundations and government agencies.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

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

New Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)* that requires a lessee to recognize on the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease (previously capital lease). The Organization adopted ASU 2016-02 on October 1, 2022, using the modified retrospective approach for operating leases, with a term greater than 12 months. The Organization also elected the package of practical expedients permitted under the new standard that allowed the Organization to carry forward historical lease classification for existing leases on the adoption date, and allowed the Organization not to assess whether an existing contract contains a lease or initial direct cost. As permitted by the guidance, prior comparative periods will not be adjusted under this method. At the date of implementation, the Organization recognized right-of-use assets of \$184,478 and operating lease liabilities of \$184,478.

Cash and Cash Equivalents

For purposes of the statements of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Leasehold Improvements

Property, equipment and leasehold improvements are carried at cost or, if donated, at fair value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of three to twenty-seven and a half years. It is the Organization's policy to capitalize acquisitions of \$5,000 or more. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs and cloud based software are charged to expense as incurred.

Revenue and Support

Contributions received that are conditional are recognized as revenue when the condition is satisfied. A condition occurs where the donor stipulation creates a measurable barrier contingent on a future performance or event which limits how the activity is conducted, and the entitlement to the funding is directly related to the satisfaction of the stipulation. Conditions are satisfied based on incurring qualified expenses, and/or satisfying a milestone, and/or execution of other deliverable units of service. A refundable advance is recorded when the Organization receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of September 30, 2023, there was \$35,400 of refundable advances recorded.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers, for services rendered including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

The Organization elects to report restricted contributions that were initially conditional and for which both the condition and the restriction simultaneously occur as increases in net assets without donor restrictions in accordance with *Presentation of Financial Statements of Not-for-Profit Entities* FASB ASC 958-605-45-4B.

The Organization reports unconditional gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization receives donated services and supplies from various organizations and individuals in order to accomplish its program objectives. Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values and are reflected in the financial statements as support.

In accordance with *Revenues from Contracts with Customers* FASB 606-10-50, program income revenue from contracts with customers, patients and third-party payors are recognized as service is rendered. The majority of these revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. The Organization bills patients and third-party payors after services are performed on the basis of contractual rates for such services. Revenues are recognized on the date of service as the service and products are provided by the Organization. Revenue from patient and third party fees and the related receivables are recorded at amounts estimated to be received under reimbursement arrangements. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. An allowance for doubtful accounts is recognized based on a specific assessment of balances that remain unpaid following normal payment periods. Amounts deemed uncollectible are written off in the period that the determination is made. At September 30, 2023, the allowance balance was approximately \$42,500.

Pledge Receivable/Promises to Give

The Organization has donor pledges; however, they are considered intentions to give which do not meet the accounting requirements for financial statement recognition. Approximately \$138,100 is expected to be received over the next five years and will be recorded when received.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to the associated program and supporting services. Certain indirect costs have been allocated among the programs and supporting services benefited. Personnel and related costs are allocated based on estimates of time and effort. Other costs, such as occupancy, are allocated on a square footage basis.

Tax Positions

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2016.

Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of September 30, 2023 and 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Financial assets, at year end	\$ 4,953,891	\$ 6,929,923
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(498,654)	(827,366)
Donor restricted endowment funds	<u>(103,460)</u>	<u>(103,460)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,351,777</u>	<u>\$ 5,999,097</u>

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization also prepares budget reports in order to both achieve and monitor cash needs. In the event of an unanticipated liquidity need, the Organization also could draw from its line of credit, which has \$500,000 available (as further discussed in Note 11).

3. FAIR VALUE MEASUREMENTS

Various inputs may be used in determining the fair value of the Organization's assets and liabilities measured on a recurring basis. These inputs are market-based measurements based on and determined by the assumptions that market participants would use in pricing an asset or a liability and are summarized into three levels:

Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.

Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly.

Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of an asset or a liability).

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about projections market participants would use in developing a price that would be received to sell an asset or paid to transfer a liability based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the Organization's inputs used to determine their values on September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual endowment	\$ -	\$ 101,352	\$ -

The following table summarizes the Organization's inputs used to determine their values on September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Beneficial interest in perpetual endowment	\$ -	\$ 94,420	\$ -

4. INVESTMENT INCOME

The following schedule details the investment income (deficit) in the statement of activities as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 55,677	\$ 7,428
Net realized/unrealized gain (loss)	<u>6,932</u>	<u>(23,666)</u>
	<u>\$ 62,609</u>	<u>\$ (16,238)</u>

5. BENEFICIAL INTEREST

The Organization entered into an agreement with the Community Foundation for Southeast Michigan (CFSEM) to establish an endowment fund. The fund was created with the proceeds from a contribution without donor restrictions that the Organization had received. In accordance with FASB ASC 958-605-25-24, *Transfer of Assets to a Non-Profit or Charitable Trust That Raises or Holds Contributions for Others*, this portion of the fund, known as the reciprocal portion, has been recorded as an investment on the books of the Organization, even though CFSEM may have variance power (i.e. ability to control who the beneficiary will be upon the occurrence of events which include, but are not limited to, the dissolution of Common Ground) over the asset. Subsequently, the Organization also made a reciprocal transfer to the CFSEM, of proceeds from an endowment contribution. In addition to the reciprocal transfer made by the Organization, third party donors have also made contributions to the fund for the

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

5. BENEFICIAL INTEREST (continued)

benefit of the Organization. CFSEM maintains explicit variance power over any third party gifts and the earnings thereon. As a result, in accordance with FASB ASC Topic 958, this portion is not recorded as an asset of the Organization. Fund investments are determined by the trustee of CFSEM and earnings are available for distribution to the Organization for operations at the discretion of CFSEM. The market value of the contributed portion of the fund (contributions from third party donors plus net earnings) has been calculated by CFSEM and is shown below as "Amount allocable to the contributed amount of the fund".

The changes in beneficial interest for September 30, 2023 are as follows:

	Amount allocable to the reciprocal transfer amount	Amount allocable to the contributed amount of the fund	Total
Market value at September 30, 2022	\$ 94,420	\$ 655,190	\$ 749,610
Transfer	-	-	-
Change in investment	9,975	68,590	78,565
Grant funds distributed	(2,724)	(32,139)	(34,863)
Fees	(319)	(3,579)	(3,898)
Market value at September 30, 2023	<u>\$ 101,352</u>	<u>\$ 688,062</u>	<u>\$ 789,414</u>

The changes in beneficial interest for September 30, 2022 are as follows:

	Amount allocable to the reciprocal transfer amount	Amount allocable to the contributed amount of the fund	Total
Market value at September 30, 2021	\$ 111,873	\$ 797,066	\$ 908,939
Transfer	-	-	-
Change in investment	(15,433)	(107,374)	(122,807)
Grant funds distributed	(1,786)	(31,003)	(32,789)
Fees	(234)	(3,499)	(3,733)
Market value at September 30, 2022	<u>\$ 94,420</u>	<u>\$ 655,190</u>	<u>\$ 749,610</u>

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

At September 30, 2023, property, equipment and leasehold improvements consist of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Building	182,657	-	-	182,657
Building and leasehold improvements	649,939	-	-	649,939
Furniture and equipment	255,813	17,602	-	273,415
Vehicle	33,339	-	-	33,339
	1,196,748	<u>\$ 17,602</u>	<u>\$ -</u>	1,214,350
Less accumulated depreciation	<u>1,094,537</u>	<u>\$ 19,564</u>	<u>\$ -</u>	<u>1,114,101</u>
	<u>\$ 102,211</u>			<u>\$ 100,249</u>

7. LEASE COMMITMENTS

Operating Leases

The Organization has operating leases for vehicles, equipment and office facilities expiring on various dates through May 2027. Pursuant to adopting FASB ASC 842, the Organization determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. The Organization has elected to use a risk-free discount rate as allowed by FASB ASC 842-20-30-3. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

The following summarizes the line items in the statement of financial position for right-of-use assets and lease liabilities of operating leases as of September 30, 2023:

Right-of-use assets	<u>\$ 128,628</u>
Lease liabilities:	
Current	\$ 67,851
Net of current	<u>60,777</u>
Total lease liabilities	<u>\$ 128,628</u>

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

7. LEASE COMMITMENTS (continued)

The following summarizes the weighted average remaining lease term and discount rate as of September 30, 2023:

Weighted Average Remaining Lease Term:	3.05 years
Weighted Average Discount Rate:	4.51%

The following summarizes the components of lease expense included on the statement of activities and functional expenses for the year ended September 30, 2023:

Lease cost	
Operating leases:	
Occupancy	\$ 37,740
Travel and transportation	33,285
Equipment rental and maintenance	<u>4,392</u>
	<u>\$ 75,417</u>

Short-term lease costs for the years ended September 30, 2023 and September 30, 2022 were \$719,462 and \$823,060, respectively.

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for the operating leases as of September 30, 2023, and reconciliation to operating lease liabilities reported on the statement of financial position:

2024	\$ 72,447
2025	44,255
2026	13,176
2027	<u>8,784</u>
Total lease payments	138,662
Less interest/discount	<u>10,034</u>
Present value of lease liability	128,628
Less current portion	<u>67,851</u>
Net of current portion	<u>\$ 60,777</u>

The following summarizes cash flow information related to operating leases: cash paid for amounts included in the measurement of lease liabilities for the years ended September 30, 2023 and 2022 were \$71,541 and \$46,287, respectively.

Lease asset obtained in exchange for lease obligation for the year ended September 30, 2023 was \$15,691.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

8. NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2023 and 2022, net assets with donor restrictions consist of cash and cash equivalents and a beneficial interest and are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Crisis Help/Text Line	\$ 168,844	\$ 168,844
Rosemary Holland Institute	168,668	36,279
Expressive Arts/Art Therapy	66,098	56,127
Oxford	46,520	25,481
RCH	17,391	16,941
VAP	12,289	10,746
Employee Emergency Fund	9,085	9,085
SPARK	5,974	10,974
Adopt A Family	3,785	5,535
Behavioral Health Urgent Care	-	433,374
Parent Support Partners	-	40,659
GAP	-	7,304
In-Home Stabilization	-	4,540
Crisis Residential Unit	-	1,477
	<u>498,654</u>	<u>827,366</u>
Not subject to appropriation or expenditure:		
Beneficial interest in perpetual endowment	103,460	103,460
Endowment fund deficiency	<u>(2,108)</u>	<u>(9,040)</u>
	<u>101,352</u>	<u>94,420</u>
	<u>\$ 600,006</u>	<u>\$ 921,786</u>

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT FUND CHANGES

The Organization's endowment consists of a beneficial interest. The endowment consists of net assets with donor restrictions. As required by generally accepted accounting principles, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended September 30, 2023 and 2022 are summarized as follows:

	<u>With Donor Restrictions</u>
Balance - September 30, 2022	\$ 94,420
Contributions	-
Investment income - net	6,932
Distributions to net assets without donor restrictions	<u>-</u>
Balance - September 30, 2023	<u><u>\$ 101,352</u></u>
	<u>With Donor Restrictions</u>
Balance - September 30, 2021	\$ 111,873
Contributions	-
Investment deficit - net	(15,667)
Distributions to net assets without donor restrictions	<u>(1,786)</u>
Balance - September 30, 2022	<u><u>\$ 94,420</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of accumulated gifts. At September 30, 2023, the aggregate deficiency of the underwater endowment was reported within net assets with donor restrictions. This deficiency resulted from unfavorable market fluctuations that occurred after the investment of endowment contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees, as outlined in the spending policy.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT FUND CHANGES (continued)

Funds with Deficiencies (continued)

The following table summarized the status of fund with deficiencies as of September 30, 2023:

Fair value of funds not subject to appropriation or expenditure	\$ 101,352
Less: Balance required to be maintained by donor stipulations	<u>(103,460)</u>
	<u>\$ (2,108)</u>

The following table summarized the status of fund with deficiencies as of September 30, 2022:

Fair value of funds not subject to appropriation or expenditure	\$ 94,420
Less: Balance required to be maintained by donor stipulations	<u>(103,460)</u>
	<u>\$ (9,040)</u>

Interpretation of Relevant Law

The Organization classifies as donor-restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions based on accumulation of earnings until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act (UPMIFA).

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

9. ENDOWMENT FUND CHANGES (continued)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the fund
- The investment policies of the fund

Investment Policy for Endowment Funds

All endowment assets have been transferred to CFSEM and placed in an endowment pool. The long term investment objective is to preserve and enhance principal over time. Total return, consistent with prudent investment management, is the primary goal. Diversification of asset class, investment style, and investment manager is employed to avoid undue risk concentration and to enhance total return. The long-term return objective is expressed as a range from 6% to 8%, net of investment fees. The investment earnings from the fund will be used to support future operations and programs of the Organization.

Strategies employed for achieving objectives

The endowment's spending and investment policies work together to achieve the objective of a predictable stream of funding. To satisfy its long-term rate-of-return objectives, the CFSEM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

CFSEM's spending policy calculates the amount of money annually available for distribution from the endowed funds for grant making and administration. The spending policy is reviewed and determined annually by CFSEM's Board of Trustees. The current spending policy is up to 5% of the average market value over the previous 12 quarters. The Organization, as part of its annual budget, will authorize, or may opt to decline, the distribution.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

10. CONCENTRATIONS

The Organization maintains cash and cash equivalent balances in various financial institutions in Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At September 30, 2023, the uninsured cash balances totaled approximately \$1,177,000.

The Organization's two largest funders account for 50 percent and 35 percent of total revenue and support.

11. LINE OF CREDIT

The Organization has a revolving line of credit up to \$500,000. The interest rate is equal to the greater of 7.50% or the index known as the Wall Street Journal U.S. prime rate (8.50% at September 30, 2023). Borrowings are due on demand. Borrowings under this agreement are collateralized by substantially all assets of the Organization. The Organization has the full amount of credit available at September 30, 2023.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Behavioral Health Urgent Care	\$ 627,651	\$ 883,342
Parent Support Partners	40,659	1,112
Oxford	20,508	17,318
VAP	13,783	5,028
GAP	7,304	3,196
SPARK	5,000	-
In-Home Stabilization	4,539	29,433
Adopt A Family	2,750	1,455
Crisis Residential Unit	1,617	12,254
Sanctuary	300	58,295
Expressive Arts/Art Therapy	30	6,123
Rosemary Holland Institute	-	11,783
Personal protective equipment	-	8,002
Employee Emergency Fund	-	320
	<u>\$ 724,141</u>	<u>\$ 1,037,661</u>

13. SPECIAL EVENT

Revenues from a special event were \$178,135 with related expenses of \$45,631 for the year ended September 30, 2023.

Revenues from a special event were \$153,535 with related expenses of \$125,993 for the year ended September 30, 2022.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

14. NON-CASH CONTRIBUTIONS

During the year ending September 30, 2023, the Organization received the following non-cash contributions:

	Non-financial Assets	Financial Assets	Total
Services	\$ 83,435	\$ -	\$ 83,435
Art	8,968	-	8,968
Clothing and household goods	6,351	-	6,351
Food inventory	898	-	898
Gift cards	250	-	250
	\$ 99,902	\$ -	\$ 99,902

The non-financial assets received by the Organization during the year consisted of goods and services which were without donor restrictions.

The Organization does not sell donated gifts in-kind and only uses services and goods for its own program or supporting service activities. In-kind contributions were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a ‘like-kind’ methodology, considering the utility of the services and goods at the time of the contribution.

Donated goods include various household items used by individuals in the shelter. Donated services included crisis counseling services for the 24-hour resource and crisis helpline, masters-level services at our OACIS and Sanctuary programs, expressive arts activities for our crisis residential unit, and legal services. During the fiscal year ended September 30, 2023, the Organization was supported by 9 volunteers who contributed approximately 3,640 hours of service. In addition, many other individuals also volunteer their time to perform a variety of tasks that assist the Organization; however, their time does not meet the criteria for recognition.

During the fiscal year ended September 30, 2022, the Organization was supported by 16 volunteers who contributed approximately 4,350 hours of service.

COMMON GROUND

NOTES TO FINANCIAL STATEMENTS

15. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

16. CONTINGENCY

In the normal course of operations, there could be outstanding contingent liabilities resulting from lawsuits, governmental agency assessments, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that such liabilities, if any, will be either immaterial or the Organization's insurance coverage is adequate to cover any potential losses.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2024, the date the financial statements were available to be issued.

Subsequent to year end, the Organization signed a new lease agreement. Terms of the lease agreement are \$22,867 per month beginning June 1, 2024 with annual escalations through May 31, 2036.

Also, subsequent to year end, the Organization signed a new lease agreement. Terms of the lease agreement are \$5,308 per month beginning December 21, 2023 with annual escalations through December 20, 2026.

COMMON GROUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

FEDERAL/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Basic Center Grant	93.623		\$ 44,173	\$ 122,090
Substance Abuse and Mental Health Services Projects	93.243		-	255,991
Passed through Vibrant Emotional Health				
Substance Abuse and Mental Health Services Projects	93.243	S23-SM84816-009	-	479,837
Passed through Michigan Department of Health & Human Services				
Substance Abuse and Mental Health Services Projects	93.243	E20234363-00	-	744,747
Substance Abuse and Mental Health Services Projects	93.243	E20235418-00	-	691,179
			-	2,171,754
Passed through Michigan Department of Health & Human Services				
Social Services Block Grant	93.667	E20232984-00	-	27,020
Social Services Block Grant	93.667	E20233385-00	-	56,942
			-	83,962
Passed through Michigan Department of Health & Human Services				
Temporary Assistance for Needy Families	93.558	E20232984-00	-	95,227

See accompanying notes to schedule of expenditures of federal awards.

COMMON GROUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2023

FEDERAL/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Continuum of Care Program	14.267		-	80,765
Passed through City of Birmingham				
Community Development Block Grants/Entitlement Grants	14.218		-	1,500
Passed through City of Wixom				
Community Development Block Grants/Entitlement Grants	14.218		-	4,904
Passed through City of Farmington Hills				
Community Development Block Grants/Entitlement Grants	14.218		-	10,000
			-	16,404
Passed through Oakland County				
Emergency Solutions Grant Program	14.231		-	5,168
Passed through Alliance for Housing				
Emergency Solutions Grant Program	14.231		-	10,703
			-	15,871
U.S. DEPARTMENT OF JUSTICE				
Passed through Michigan Department of Health & Human Services				
Crime Victim Assistance	16.575	E20225337-00	-	816,263
Crime Victim Assistance	16.575	E20233880-00		252,861
Crime Victim Assistance	16.575	E20235532-00	-	49,849
			-	1,118,973
TOTAL FEDERAL AWARDS			\$ 44,173	\$ 3,705,046

See accompanying notes to schedule of expenditures of federal awards.

COMMON GROUND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION AND 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Common Ground under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Common Ground, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Common Ground.

2. INDIRECT COST RATE

Common Ground has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. SUBRECIPIENTS

There were awards passed through to subrecipients.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Common Ground

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Common Ground (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Common Ground'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 Common Ground's internal control. Accordingly, we do not express an opinion on the effectiveness of Common Ground'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 organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Common Ground'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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Boisvenue & Company, P.C.

January 10, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Common Ground

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Common Ground'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 Common Ground's major federal programs for the year ended September 30, 2023. Common Ground'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, Common Ground complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Common Ground'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 Common Ground'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 Common Ground'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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Boisvenue & Company, P.C.

January 10, 2024

COMMON GROUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Common Ground were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the auditor's report.
3. No instances of noncompliance material to the financial statements of Common Ground, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Common Ground expresses an unmodified opinion on all major federal programs.
6. No audit findings related to the major programs, which would be required to be disclosed in accordance with 2 CFR Section 200.516(a), were reported.
7. The program tested as the major program was: Substance Abuse and Mental Health Services Projects, CFDA number 93.243.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Common Ground was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None