



**HUMAN SERVICES PROGRAMS OF
CARROLL COUNTY, INC. AND SUBSIDIARY**

YEARS ENDED JUNE 30, 2024 AND 2023



Brown Plus
ACCOUNTANTS + ADVISORS

**HUMAN SERVICES PROGRAMS OF
CARROLL COUNTY, INC. AND SUBSIDIARY**

YEARS ENDED JUNE 30, 2024 AND 2023

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Independent Auditor's Report

Board of Directors
Human Services Programs of Carroll County, Inc. and Subsidiary
Westminster, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Human Services Programs of Carroll County, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Human Services Programs of Carroll County, Inc. and Subsidiary as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial statement audits contained in *Government Auditing Standards* (GAS), 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 Consolidated Financial Statements section of our report. We are required to be independent of Human Services Programs of Carroll County, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Human Services Programs of Carroll County, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Human Services Programs of Carroll County, Inc. and Subsidiary'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 matters that we have identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, on our consideration of Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brown Plus". The script is cursive and fluid.

Westminster, Maryland
March 26, 2025

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 554,847	\$ 809,387
Unconditional promises to give	465,165	341,255
Prepaid expenses	81,991	86,694
Certificate of deposit	300,000	200,000
Promised use of facilities	<u>245,474</u>	<u>359,470</u>
Total current assets	<u>1,647,477</u>	<u>1,796,806</u>
Property and equipment, net	<u>70,175</u>	<u>95,685</u>
Other assets:		
Cash and cash equivalents	45,505	90,452
Investments	774,096	659,414
Promised use of facilities (net of unamortized discount of \$62,341 and \$82,550, respectively)	782,577	1,007,842
Property held for sale	<u>39,561</u>	<u>39,561</u>
Total other assets	<u>1,641,739</u>	<u>1,797,269</u>
Total assets	<u>\$ 3,359,391</u>	<u>\$ 3,689,760</u>

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 67,979	\$ 240,120
Accrued:		
Paid time off	82,297	78,218
Payroll	149,779	106,151
Refundable advances	70,465	-
Current portion of long-term liabilities	<u>1,650</u>	<u>1,650</u>
Total current liabilities	372,170	426,139
Long-term liabilities, loan payable	<u>5,450</u>	<u>7,100</u>
Total liabilities	<u>377,620</u>	<u>433,239</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,108,233	1,101,048
Board designated	<u>819,601</u>	<u>749,866</u>
Total without donor restrictions	1,927,834	1,850,914
With donor restrictions	<u>1,053,937</u>	<u>1,405,607</u>
Total net assets	<u>2,981,771</u>	<u>3,256,521</u>
Total liabilities and net assets	<u>\$ 3,359,391</u>	<u>\$ 3,689,760</u>

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Support, revenue and gains:			
Support:			
Contracts/grants	\$ 4,032,787	\$ -	\$ 4,032,787
Contributions	84,835	20,309	105,144
Gifts-in-kind:			
Donated items	11,122	-	11,122
Donated use of facilities	-	20,209	20,209
Total support	<u>4,128,744</u>	<u>40,518</u>	<u>4,169,262</u>
Revenue and gains:			
Shelter client fees	22,028	-	22,028
DORS fees	12,355	-	12,355
Special events, net of direct costs of \$14,757	48,837	-	48,837
Net investment income	113,869	-	113,869
Gain on sale of assets	3,200	-	3,200
Total revenue and gains	<u>200,289</u>	<u>-</u>	<u>200,289</u>
Net assets released from restrictions	<u>392,188</u>	<u>(392,188)</u>	<u>-</u>
Total support, revenue and gains	<u>4,721,221</u>	<u>(351,670)</u>	<u>4,369,551</u>
Expenses:			
Program services:			
Home energy	944,271	-	944,271
Family support services	506,552	-	506,552
Housing and shelter services	2,230,510	-	2,230,510
Economic mobility	354,949	-	354,949
Total program services	<u>4,036,282</u>	<u>-</u>	<u>4,036,282</u>
Supporting services:			
Management and general	505,102	-	505,102
Fundraising	102,917	-	102,917
Total supporting services	<u>608,019</u>	<u>-</u>	<u>608,019</u>
Total expenses	<u>4,644,301</u>	<u>-</u>	<u>4,644,301</u>
Change in net assets	76,920	(351,670)	(274,750)
Net assets:			
Beginning of year	<u>1,850,914</u>	<u>1,405,607</u>	<u>3,256,521</u>
End of year	<u>\$ 1,927,834</u>	<u>\$ 1,053,937</u>	<u>\$ 2,981,771</u>

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Support and revenue:			
Support:			
Contracts/grants	\$ 4,048,843	\$ -	\$ 4,048,843
Contributions	160,028	5,708	165,736
Gifts-in-kind:			
Donated items	125,007	-	125,007
Donated use of facilities	-	27,220	27,220
Total support	<u>4,333,878</u>	<u>32,928</u>	<u>4,366,806</u>
Revenue and gains:			
Shelter client fees	19,636	-	19,636
DORS fees	1,575		1,575
OJT fees	3,775		3,775
Special events, net of direct costs of \$503	16,141	-	16,141
Net investment income	57,478	-	57,478
Miscellaneous revenue	2,278	-	2,278
Total revenue and gains	<u>100,883</u>	<u>-</u>	<u>100,883</u>
Net assets released from restrictions	<u>448,721</u>	<u>(448,721)</u>	<u>-</u>
Total support, revenue and gains	<u>4,883,482</u>	<u>(415,793)</u>	<u>4,467,689</u>
Expenses:			
Program services:			
Home energy	971,143	-	971,143
Family support services	527,288	-	527,288
Housing and shelter services	2,211,183	-	2,211,183
Economic mobility	507,543	-	507,543
Total program services	<u>4,217,157</u>	<u>-</u>	<u>4,217,157</u>
Supporting services:			
Management and general	513,937	-	513,937
Fundraising	130,832	-	130,832
Total supporting services	<u>644,769</u>	<u>-</u>	<u>644,769</u>
Total expenses	<u>4,861,926</u>	<u>-</u>	<u>4,861,926</u>
Change in net assets	21,556	(415,793)	(394,237)
Net assets:			
Beginning of year	<u>1,829,358</u>	<u>1,821,400</u>	<u>3,650,758</u>
End of year	<u>\$ 1,850,914</u>	<u>\$ 1,405,607</u>	<u>\$ 3,256,521</u>

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	Program services					Supporting services			Total
	Home energy	Family support services	Housing and shelter services	Economic mobility	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Functional expenses:									
Communications	\$ 6,090	\$ 2,687	\$ 7,807	\$ 1,603	\$ 18,187	\$ 4,420	\$ 3,769	\$ 8,189	\$ 26,376
Conferences, training and travel	448	3,276	6,922	670	11,316	12,802	75	12,877	24,193
Depreciation	2,945	5,454	20,994	2,185	31,578	5,990	569	6,559	38,137
Equipment rental and maintenance	2,854	601	7,860	1,467	12,782	8,053	4,420	12,473	25,255
Insurance	3,318	6,734	32,218	5,374	47,644	6,044	1,950	7,994	55,638
Occupancy	20,179	40,798	215,806	33,008	309,791	43,887	11,814	55,701	365,492
Other expenses	1,590	2,281	1,770	1,312	6,953	5,468	2,635	8,103	15,056
Printing and outreach	4,238	-	-	220	4,458	1,272	5,323	6,595	11,053
Professional fees	15,129	18,020	19,121	11,976	64,246	74,277	1,523	75,800	140,046
Salaries, taxes and benefits	336,946	397,592	1,187,804	295,018	2,217,360	324,506	69,504	394,010	2,611,370
Specific assistance to individuals	545,279	450	662,760	300	1,208,789	-	-	-	1,208,789
Supplies	5,255	28,659	67,448	1,816	103,178	18,383	1,335	19,718	122,896
Total functional expenses	\$ 944,271	\$ 506,552	\$ 2,230,510	\$ 354,949	\$ 4,036,282	\$ 505,102	\$ 102,917	\$ 608,019	\$ 4,644,301

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program services					Supporting services			Total
	Home energy	Family support services	Housing and shelter services	Economic mobility	Total program services	Management and general	Fundraising	Total supporting services	Total expenses
Functional expenses:									
Communications	\$ 5,280	\$ 2,480	\$ 8,511	\$ 4,204	\$ 20,475	\$ 1,476	\$ 1,297	\$ 2,773	\$ 23,248
Conferences, training and travel	505	9,405	6,013	747	16,670	7,479	2,294	9,773	26,443
Depreciation	3,100	6,022	23,757	2,464	35,343	6,169	576	6,745	42,088
Equipment rental and maintenance	2,327	1,056	5,202	1,694	10,279	7,596	4,147	11,743	22,022
Insurance	3,624	5,481	25,833	8,776	43,714	5,153	1,500	6,653	50,367
Occupancy	26,902	40,625	227,772	36,838	332,137	38,255	11,092	49,347	381,484
Other expenses	1,496	2,477	2,362	1,405	7,740	3,745	3,485	7,230	14,970
Printing and outreach	3,316	316	316	930	4,878	1,033	3,024	4,057	8,935
Professional fees	13,943	22,044	21,082	11,087	68,156	60,181	739	60,920	129,076
Salaries, taxes and benefits	350,053	415,257	1,236,060	324,462	2,325,832	369,991	101,694	471,685	2,797,517
Specific assistance to individuals	558,396	1,460	586,731	109,712	1,256,299	-	-	-	1,256,299
Supplies	2,201	20,665	67,544	5,224	95,634	12,859	984	13,843	109,477
Total functional expenses	\$ 971,143	\$ 527,288	\$ 2,211,183	\$ 507,543	\$ 4,217,157	\$ 513,937	\$ 130,832	\$ 644,769	\$ 4,861,926

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Inflows:		
Receipts from:		
Contracts/grants	\$ 3,979,342	\$ 3,902,158
Contributions	103,494	154,007
Special events	63,594	16,644
Other income	34,383	27,265
Investment income	<u>62,962</u>	<u>26,640</u>
	<u>4,243,775</u>	<u>4,126,714</u>
Outflows:		
Payments for:		
Employees	2,563,663	2,794,859
Expenses	<u>1,814,034</u>	<u>2,590,859</u>
	<u>4,377,697</u>	<u>5,385,718</u>
Net cash used in operating activities	<u>(133,922)</u>	<u>(1,259,004)</u>
Cash flows from investing activities:		
Sale of:		
Investments	183,467	98,829
Equipment	3,200	-
Redemption of certificate of deposit	<u>200,000</u>	<u>-</u>
	<u>386,667</u>	<u>98,829</u>
Outflows:		
Purchase of:		
Certificate of deposit	300,000	200,000
Investments	239,607	34,915
Equipment	<u>12,625</u>	<u>-</u>
	<u>552,232</u>	<u>234,915</u>
Net cash used in investing activities	<u>(165,565)</u>	<u>(136,086)</u>
Net decrease in cash and cash equivalents	<u>(299,487)</u>	<u>(1,395,090)</u>
Cash and cash equivalents:		
Beginning of year	<u>899,839</u>	<u>2,294,929</u>
End of year	<u>\$ 600,352</u>	<u>\$ 899,839</u>

(continued)

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Reconciliations of cash and cash equivalents to the consolidated statements of financial position:		
Current assets, cash and cash equivalents	\$ 554,847	\$ 809,387
Other assets, cash and cash equivalents	<u>45,505</u>	<u>90,452</u>
Cash and cash equivalents	<u>\$ 600,352</u>	<u>\$ 899,839</u>
Noncash investing and financing transactions include the following:		
Debt forgiveness	\$ 1,650	\$ 1,650

See notes to consolidated financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

1. Nature of activities and summary of significant accounting policies:

Principles of consolidation:

The consolidated financial statements of Human Services Programs of Carroll County, Inc. and Subsidiary (the Organization) include the activities of Human Services Programs of Carroll County, Inc. and its subsidiary, Carrolltowne HSPCC, Inc. (the Subsidiary). All intra-entity transactions have been eliminated in consolidation.

Nature of activities:

The Organization is a nonprofit corporation with the mission of giving hope, inspiring change and providing opportunity by mobilizing the Carroll County, Maryland, community in the fight against poverty. The Organization is dedicated to improving the quality of life and self-sufficiency of at-risk and low-income Carroll County residents by providing assistance with basic needs, advocacy, linkages to resources and opportunities to enhance life skills. The Organization is the official designated community action agency for Carroll County, Maryland.

The home energy program works to prevent the loss of and restoring basic needs for everyday life by empowering Carroll County residents to move toward self-sufficiency through assistance with electric and fuel costs, as well as bill arrearage.

The family support services program works with parents and expectant parents with children ages four and under. The Organization's team of adult educators, child development workers, case managers and administrative staff are trained to provide services in the areas of adult education and parenting, child health and development and family enrichment. A home visitation program provides similar services to families in their home if they are not able to attend programming during regular center hours.

The housing and shelter services program provides community resources services including eviction prevention, security deposit assistance, referrals and minor prescription/medical assistance. The Organization also operates an adult shelter which is an integrated shelter for men, women and those seeking shelter from the cold. In addition, the Organization provides a family shelter. All shelter residents receive case management services. Permanent supportive housing services are offered for chronically homeless individuals with a documented medical disability while rapid rehousing services assist homeless families who can sustain housing but need temporary help to obtain it.

The economic mobility program provides pre-employment services including hands on skills training, job readiness services and ongoing case management. The Second Chances community free store was the vehicle for accomplishing skills training while also serving those in need in the community. The community store was closed June 30, 2023 to allow the Organization to focus on other economic mobility programs. The Organization also provides financial education services through workshops, consultations and one-on-one financing coaching.

The Organization is also the 100% owner of Carrolltowne HSPCC, Inc., a Maryland corporation formed on July 17, 2019. The Subsidiary owns 11% of Carrolltowne Village Development, LLC, a company that owns, manages and operates a low-income housing apartment complex referred to as Carrolltowne Village Apartments. The Subsidiary receives no profits or losses from this investment. The purpose of the ownership was for the Organization to assist with facilitating the project since the population that will live in the housing units align with those that the Organization serves.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

1. Nature of activities and summary of significant accounting policies (continued):

Cash and cash equivalents:

The Organization considers all unrestricted highly liquid instruments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates estimated fair value because of the short maturity of those instruments.

Unconditional promises to give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues. At June 30, 2024, management expects to collect all unconditional promises to give within the next year; and therefore, the entire balance is reported as current on the consolidated statements of financial position.

Property and equipment:

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support under net assets with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization capitalizes all purchases of property and equipment with a useful life of greater than one year costing over \$5,000. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are 3 to 7 years for equipment and vehicles and 3 to 27 years for leasehold improvements and buildings.

Property held for sale:

The Organization measures its property held for sale at its carrying amount since that is lower than the estimated fair value, less costs to sell.

Investments:

Investments in marketable securities with readily determinable market values and all investments in debt securities are valued at their market values, which is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers, with gains and losses included in the consolidated statements of activities. The investment in Carrolltowne Village Development, LLC held by the Subsidiary is recorded using the equity method. Since no initial investment contribution was paid and no income or loss was allocated to the Subsidiary, no value is assigned to the investment.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

1. Nature of activities and summary of significant accounting policies (continued):

Promised use of facilities:

The Organization uses properties leased at below market value to provide its services. Promised use of facilities are capitalized and recorded as donor-restricted contributions at their fair value at the start date of the leases and are reported as increases in net assets with donor restrictions. These restrictions expire based on the terms of the lease agreements, and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Accrued paid time off:

Full-time employees are granted paid time off based on the number of continuous service years. The employees are allowed to carry a maximum of 20 days of leave.

Refundable advances:

When funds from contracts/grants, considered conditional contributions, are received before the applicable conditions have been met, the appropriate amount is recorded as a refundable advance. Conditions will typically be met within one year, at which point the contribution will be recognized.

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources that are currently available for support of the Organization's operations and are not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Resources may also be received with donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction, nor by the passage of time.

Support:

Contributions and contract/grants: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management has determined the Organization's contributions and contracts/grants are considered nonexchange transactions, and therefore, are recognized when a promise to give becomes unconditional.

Donated items: The Organization receives a variety of donated goods and supplies valued at fair value. These donated items are recorded as support and expenses in the financial statements.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

1. Nature of activities and summary of significant accounting policies (continued):

Support:

Donated/promised use of facilities: The Organization uses properties leased at below market value to provide its services. The Organization records a contribution with donor restriction in the year of the contributed lease at its discounted fair value. Over the duration of the lease, the promise is reduced, the restriction is released and the related expense is recorded in the financial statements.

Donated services: 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 otherwise be purchased by the Organization. Volunteers also provide administrative and fundraising services, but those services are not recognized as contributions in the financial statements since the recognition criteria is not met.

Revenue:

The Organization generates revenue primarily through shelter client fees and special events. Revenue for each type of service is recognized when the service is provided in an amount that reflects the consideration expected in exchange for the service.

Functional expenses:

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

Expenses are charged to program services, management and general and fundraising on the basis of actual invoices received. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Certain administrative personnel expenses such as salaries, conference, training and travel are allocated to each functional expense category based upon the responsibilities of the administrative personnel. Insurance costs are allocated based upon the square footage allocation of the donated facilities.

Advertising:

The Organization follows the policy of charging all costs of advertising to expense as incurred. Advertising expense, presented in printing and outreach, was \$7,071 and \$6,311 for the years ended June 30, 2024 and 2023, respectively.

Leases:

The Organization has elected the short-term lease exception, and therefore, does not recognize leases with a lease term of 12 months or less on the consolidated statements of financial position.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

1. Nature of activities and summary of significant accounting policies (continued):

Income taxes:

Human Services Programs of Carroll County, Inc. is incorporated under the laws of the State of Maryland as a nonprofit organization. The Organization has elected under provisions of Internal Revenue Code Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

Carrolltowne HSPCC, Inc. accounts for its income taxes by recognizing deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statements and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. The Subsidiary has no such assets or liabilities.

Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassification:

Certain reclassifications have been made to prior year amounts to conform to the current year financial statement presentation.

2. Financial assets and liquidity resources:

The Organization's financial assets as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 600,352	\$ 899,839
Unconditional promises to give	465,165	341,255
Certificate of deposit	<u>300,000</u>	<u>200,000</u>
Financial assets, as of year end	1,365,517	1,441,094
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restriction,		
restricted by donor with time or purpose restrictions	25,886	38,295
Board designations	<u>45,505</u>	<u>90,452</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,294,126</u></u>	<u><u>\$ 1,312,347</u></u>

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

2. Financial assets and liquidity resources (continued):

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$100,000 (all of which was available as of June 30, 2024 and 2023), which could be drawn upon. Additionally, as of June 30, 2024 and 2023, the Organization has a quasi-endowment of \$819,601 and \$749,866, respectively. If desired, the Board could make quasi-endowment funds available for providing support for the programs, client services and the overall operations of the Organization.

3. Conditional promises to give:

Conditional promises to give are not included as support or unconditional promises to give until such time as the conditions are substantially met. The following conditional promises to give exist where the condition has not yet been achieved at June 30:

Purpose	Condition	2024	2023
Housing and shelter services	Incur qualifying expenses	\$ 34,365	\$ 95,528
Salaries, taxes and benefits	Incur qualifying expenses	74,110	93,789
Economic mobility	Incur qualifying expenses and perform contracted services	7,053	35,574
		<u>\$ 115,528</u>	<u>\$ 224,891</u>

4. Investments:

Investments are stated at fair value and consisted of the following as of June 30:

	2024		2023	
	Cost	Fair value	Cost	Fair value
Mutual funds:				
Equity	\$ 281,905	\$ 315,060	\$ 335,407	\$ 346,537
Fixed income	220,371	211,152	172,479	151,253
Exchange-traded:				
Equity	92,654	123,660	28,322	36,788
Fixed income	100,316	88,627	100,316	89,325
Other	35,623	35,597	35,740	35,511
	<u>\$ 730,869</u>	<u>\$ 774,096</u>	<u>\$ 672,264</u>	<u>\$ 659,414</u>

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

5. Fair value measurements:

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology for assets and liabilities that have no active market in the same assets, but do have parallel markets or alternative means to estimate fair value using observable information inputs, such as the value placed on similar assets or liabilities that were recently traded or transferred between external entities (i.e., market participants).
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Promised use of facilities: The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted the value of their long-term donated leases and recorded a restricted contribution in the year the lease or extension is signed. The Organization discounted the value of the lease by the discount interest rate for the United States on the start date of the lease.

Mutual fund and exchange-traded investments: Valued at the quoted price in the active market for identical funds and securities, a Level 1 input.

Certificate of deposit: Valued using Level 2 inputs.

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.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

5. Fair value measurements (continued):

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	2024		
	Level 1	Level 2	Total
Promised use of facilities	\$ -	\$ 1,028,051	\$ 1,028,051
Mutual funds and exchange-traded investments	774,096	-	774,096
Certificate of deposit	-	300,000	300,000
	<u>\$ 774,096</u>	<u>\$ 1,328,051</u>	<u>\$ 2,102,147</u>
	2023		
	Level 1	Level 2	Total
Promised use of facilities	\$ -	\$ 1,367,312	\$ 1,367,312
Mutual funds and exchange-traded investments	659,414	-	659,414
Certificate of deposit	-	200,000	200,000
	<u>\$ 659,414</u>	<u>\$ 1,567,312</u>	<u>\$ 2,226,726</u>

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

6. Quasi-endowment:

The Organization's endowment consists of quasi-endowment funds established through net assets without donor restrictions designated by the Board of Directors to function as a general endowment fund for the purpose of providing support for the programs, client services and the overall operations of the Organization. Since the funds are not donor restricted, they are classified and reported as net assets without donor restrictions.

Composition of and changes in quasi-endowment net assets were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Board-designated quasi-endowment net assets, beginning of year	<u>\$ 749,866</u>	<u>\$ 693,973</u>
Investment return:		
Dividends and interest	20,223	19,829
Net appreciation (realized and unrealized)	<u>49,512</u>	<u>36,064</u>
Total investment return	<u>69,735</u>	<u>55,893</u>
Board-designated quasi-endowment nets assets, end of year	<u><u>\$ 819,601</u></u>	<u><u>\$ 749,866</u></u>
Board-designated:		
Cash and cash equivalents	\$ 45,505	\$ 90,452
Investments	<u>774,096</u>	<u>659,414</u>
Board-designated quasi-endowment nets assets, end of year	<u><u>\$ 819,601</u></u>	<u><u>\$ 749,866</u></u>

Return objectives and risk parameters:

The Organization has a formal policy, approved by the Board of Directors, that defines the return objectives and risk parameters for long-term investment funds of the Organization. It is the objective of the fund to provide growth of principal and income from dividends paid on funds invested in accordance with this statement. The intent is to preserve capital value of the fund and to insure and protect the fund from wide variations in market value by active management of the fund.

To manage risk in the fund, the investment policy is to be reviewed annually by the Board of Directors for any necessary revisions. The performance of the fund's investment manager is reviewed semi-annually by the Executive/Finance Committee to ensure the investment strategies and objectives are being met. This report is also shared with the full Board of Directors.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

6. Quasi-endowment (continued):

Strategies for achieving return objectives and spending policy:

To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified, balanced asset allocation of a maximum of 40% equity securities and 60% fixed income securities which are considered within the scope of those that a similar not-for-profit 501(c)(3) organization would customarily invest in, and investments in money market and bond/fixed income instruments should be rated with a "B+" grade or better and/or government or quasi-government securities. However, depending on actual market performance and the forecasted economic outlook, investments in equity securities could constitute up to 60% of the portfolio for a short period, generally up to 12 months. This provides adequate time for the investment manager to strategically re-balance the fund. The policy also permits, at the discretion of the investment manager, that funds be invested in collective investment funds or mutual funds conforming to the policy guidelines. The fund's policies allow for partial or total withdrawal at any time for use by the Organization in accordance with the spirit of the fund.

7. Property and equipment:

Property and equipment consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 181,017	\$ 168,392
Leasehold improvements	142,762	142,762
Vehicles	<u>159,599</u>	<u>192,307</u>
 Total property and equipment	 483,378	 503,461
Accumulated depreciation	<u>(413,203)</u>	<u>(407,776)</u>
 Property and equipment, net	 <u><u>\$ 70,175</u></u>	 <u><u>\$ 95,685</u></u>

8. Line of credit:

The Organization has a \$100,000 line of credit with a local financial institution, all of which was available at June 30, 2024. The interest rate is prime plus 0.75%, with a floor of 4.00%. The interest rate was 9.25% as of June 30, 2024. The line expires on March 29, 2025.

9. Loan payable:

The loan payable is secured by real property that is held for sale at June 30, 2024. The loan is non-interest bearing. Principal shall be forgiven at the rate of \$1,650 per year while the property is utilized for charitable purposes. As of June 30, 2024 and 2023, the loan payable had an outstanding balance of \$7,100 and \$8,750, respectively. If the Organization sells the property, or it is no longer used for charitable purposes, the remaining loan balance must be repaid.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

9. Loan payable (continued):

The principal requirements of the loan payable that are to be forgiven as due are as follows for the years ending June 30:

2025	\$ 1,650
2026	1,650
2027	1,650
2028	1,650
2029	<u>500</u>
Total	<u><u>\$ 7,100</u></u>

10. Net assets:

The Organization's Board of Directors have designated net assets without donor restrictions to be used to provide support for the programs, client services and the overall operations of the Organization (Note 6). The balance of these board-designated net assets as of June 30, 2024 and 2023 was \$819,601 and \$749,866, respectively.

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Time restrictions:		
Promised use of facilities (Note 11)	\$ 1,028,051	\$ 1,367,312
Other	<u>3,808</u>	<u>1,745</u>
	<u>1,031,859</u>	<u>1,369,057</u>
Purpose restrictions:		
Community energy fund	5,578	8,436
Future capital expansion	-	28,114
Vehicle purchase	<u>16,500</u>	<u>-</u>
	<u>22,078</u>	<u>36,550</u>
Total net assets with donor restrictions	<u><u>\$ 1,053,937</u></u>	<u><u>\$ 1,405,607</u></u>

11. Operating leases and promised use of facilities operating leases:

The Organization leases several permanent housing apartments for individuals in Carroll County, Maryland. The leases are either annual or month-to-month. Monthly lease payments range from \$600 to \$1,943. Rent expense, presented in specific assistance to individuals, for the years ended June 30, 2024 and 2023 was \$382,948 and \$231,633, respectively.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

11. Operating leases and promised use of facilities operating leases (continued):

In August 2020, the Organization entered into a 60-month lease with a company to rent and maintain a postage meter and scale with rental payments of \$59 per month. In May 2023, the Organization entered into a 60-month lease with a company to rent and maintain multiple copiers and printers with rental payments of \$773 per month. Lease expense for these and related agreements, presented in equipment rental and maintenance, was \$12,236 and \$10,693 for the years ended June 30, 2024 and 2023, respectively.

Future minimum lease payments under the operating lease agreements are as follows for the years ending June 30:

2025	\$ 9,984
2026	9,330
2027	9,270
2028	<u>8,498</u>
	<u>\$ 37,082</u>

Promised use of facilities:

A ten-year lease was entered into on October 1, 2003 with the County for the shelter located at 127 Stoner Avenue, Westminster, Maryland. This lease automatically renews for ten-year terms unless either party notifies the other of its intention not to renew the lease at least two months prior to the renewal date. Both parties agreed that there is no monetary consideration for this lease, under the condition that the Organization furnishes temporary shelter and lodging to economically disadvantaged persons. In connection with this lease agreement, the Organization discounted the value of the ten-year second term of the lease and recorded a restricted contribution for the year ended June 30, 2014. This lease was terminated early on December 31, 2021 by the County and a new lease entered into effective January 1, 2022 for a ten-year term, which does not automatically renew. In connection with this new lease agreement, the Organization discounted the value of the ten-year term of the lease and recorded a restricted contribution for the year ended June 30, 2022. For each of the years ended June 30, 2024 and 2023, net assets released from restriction and occupancy expense was \$129,987. In connection with this lease agreement, \$16,688 and \$18,504 of support was recorded for the years ended June 30, 2024 and 2023, respectively.

A five-year lease was entered into on January 1, 2020 with the County for the Barrel House Building located at 10 Distillery Drive, Westminster, Maryland. The lease may be renewed for additional terms should the parties agree. Both parties agreed that there is no monetary consideration for this lease; rather the facility is provided by the County in consideration of the services provided to the community by the Organization. In connection with this lease agreement, the Organization discounted the value of the five-year term of the lease and recorded a restricted contribution for the year ended June 30, 2020. For the years ended June 30, 2024 and 2023, net assets released from restriction and occupancy expense were \$229,483 and \$228,034, respectively, and \$3,521 and \$8,716 of support, respectively, were recorded in connection with this lease agreement.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

11. Operating leases and promised use of facilities operating leases (continued):

Promised use of facilities:

Promised use of facilities was as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Shelter - 127 Stoner Avenue	\$ 974,905	\$ 1,104,892
Barrel House Building - 10 Distillery Drive	<u>115,487</u>	<u>344,970</u>
	<u>\$ 1,090,392</u>	<u>\$ 1,449,862</u>
Receivable in one to five years	\$ 765,424	\$ 994,907
Receivable in more than five years	<u>324,968</u>	<u>454,955</u>
	1,090,392	1,449,862
Less unamortized discount to net present value	<u>62,341</u>	<u>82,550</u>
Net promised use of facility	<u>\$ 1,028,051</u>	<u>\$ 1,367,312</u>

12. Gifts in kind:

For the year ended June 30, 2024, gifts in kind recognized within the consolidated statements of activities included:

		<u>Usage in programs/activities</u>	<u>Donor-imposed restrictions</u>	<u>Fair value techniques</u>
Miscellaneous items	\$ 300	Economic mobility	Unrestricted	Estimated U.S. wholesale prices of identical or similar products or services using pricing data under a 'like-kind' methodology considering the goods condition and utility for use at the time of the contribution.
	8,637	Housing and shelter services	Unrestricted	
	450	Family support services	Unrestricted	
	1,735	Fundraising	Unrestricted	
	<u>\$ 11,122</u>			

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

12. Gifts in kind (continued):

		Usage in programs/activities	Donor-imposed restrictions	Fair value techniques
Donated/promised use of facilities:				
127 Stoner Avenue	\$ 16,688	Housing and shelter services	Restricted for use as shelter and lodging to economically disadvantaged persons	Estimated 10-year promised use of facility by considering the State's historical assessment of the property, rental price per square foot of comparable properties and any necessary adjustments for market considerations.
10 Distillery Drive	3,521	Allocated among all functions	Restricted for use to provide services to the public	Determined in the year of the five-year promised use of facility as the annual amortization of the discount on the promise over the life of the lease using the discount rate for the United States on the start date of the lease.
	<u>\$ 20,209</u>			

For the year ended June 30, 2023, gifts in kind recognized within the consolidated statements of activities included:

		Usage in programs/activities	Donor-imposed restrictions	Fair value techniques
Clothing and household goods	\$ 105,335	Economic mobility	Unrestricted	Estimated U.S. wholesale prices of identical or similar products using pricing data under a 'like-kind' methodology considering the goods condition and utility for use at the time of the contribution.
	13,074	Housing and shelter services	Unrestricted	
	1,300	Family support services	Unrestricted	
	48	Management and general		
Electronics	700	Economic mobility	Unrestricted	
Toys	2,672	Economic mobility	Unrestricted	
	133	Housing and shelter services	Unrestricted	
Furniture	1,240	Economic mobility	Unrestricted	
Marketing services	450	Management and general	Unrestricted	Estimated prices of similar services provided at the time of the contribution.
	55	Fundraising		
	<u>\$ 125,007</u>			

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

12. Gifts in kind (continued):

		Usage in programs/activities	Donor-imposed restrictions	Fair value techniques
Donated/promised use of facilities:				
127 Stoner Avenue	\$ 18,504	Housing and shelter services	Restricted for use as shelter and lodging to economically disadvantaged persons	Estimated 10-year promised use of facility by considering the State's historical assessment of the property, rental price per square foot of comparable properties and any necessary adjustments for market considerations.
10 Distillery Drive	8,716	Allocated among all functions	Restricted for use to provide services to the public	Determined in the year of the five-year promised use of facility as the annual amortization of the discount on the promise over the life of the lease using the discount rate for the United States on the start date of the lease.
	<u>\$ 27,220</u>			

The Organization does not sell donated gifts-in-kind and only distributes for program or general use.

13. Retirement plan:

The Organization sponsors a 401(k) retirement plan for its employees who have attained a certain age and period of service. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization will contribute up to a 3% match each year. For the years ended June 30, 2024 and 2023, the expense recognized for employer contributions totaled \$54,914 and \$52,597, respectively.

14. Concentrations:

The Organization's services are primarily provided to clients within Carroll County, Maryland.

The Organization's expenses are largely funded by grants received from the County. Revenue from the County made up 47% and 50% of total contracts/grants for the years ended June 30, 2024 and 2023, respectively.

The Organization also received a large portion of its grant funding from the Maryland Department of Human Resources. For the years ended June 30, 2024 and 2023, the grants made up 23% and 24% of the support of contracts/grants, respectively.

Unconditional promises to give from four funding sources made up 96% of the balances as of June 30, 2024 and 2023.

The Organization maintains its cash deposits in several financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) up to \$250,000. As of June 30, 2024, the cash deposits exceeded the limit by \$380,179, representing the maximum loss risk.

***HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY***

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

14. Concentrations (continued):

The institution holding the Organization's equity and mutual fund investments is a member of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker; however, only up to \$250,000 of the total coverage can be applied to cash. As of June 30, 2024, the investments exceeded the limit by \$319,601, representing the maximum loss risk.

15. Compliance audits:

The Organization participates in a number of federal-assisted and state-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the Organization's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; the Organization expects such amounts, if any, to be immaterial.

16. Subsequent events:

In March 2025, the Organization and the County have agreed to extend the 10 Distillery Drive lease, which expired in December 2024, for one year.

Management has evaluated subsequent events through March 26, 2025, the date which the financial statements were available to be issued.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)**

Federal grantor/pass-through grantor/program or cluster title	Federal AL number	Pass-through entity identifying number	Federal expenditures	Amount passed through to subrecipients
U.S. Department of Agriculture:				
Supplemental Nutrition Assistance Program cluster passed through Carroll Community College:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CRRL/FIA 23-015 (04/01/23 - 09/30/23)	\$ 13,434	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CRRL/FIA 24-015 (10/01/23 - 09/30/24)	21,158	
Total Supplemental Nutrition Assistance Program cluster passed through the Carroll Community College			34,592	
Total U.S. Department of Agriculture			34,592	
U.S. Department of Housing and Urban Development:				
Passed through the Department of Housing and Community Development and the Board of Carroll County Commissioners:				
Emergency Solutions Grant Program	14.231	07/01/23 - 12/30/24	80,000	
COVID-19 - Emergency Solutions Grant Program	14.231	ESG-CV2 (07/01/22 - 06/30/24)	39,200	
Total Emergency Solutions Grant Program passed through the Department of Housing and Community Development and the Board of Carroll County Commissioners			119,200	
Direct funding:				
Continuum of Care Program	14.267	Perm Housing - MD0135L3B062215 (07/01/23 - 06/30/24)	402,324	
Continuum of Care Program	14.267	SHP - MD0139L3B062214 (02/01/23 - 01/31/24)	18,258	
Continuum of Care Program	14.267	SHP - MD0139L3B062315 (02/01/24 - 01/31/25)	11,028	
Total Continuum of Care Program, Direct funding			431,610	
Total U.S. Department of Housing and Urban Development			550,810	

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

Federal grantor/pass-through grantor/program or cluster title	Federal AL number	Pass-through entity identifying number	Federal expenditures	Amount passed through to subrecipients
Department of the Treasury:				
Passed through CASH Campaign of Maryland:				
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	(11/01/23 - 06/30/24)	\$ 40,000	
Total Department of the Treasury			40,000	
Department of Health and Human Services:				
Passed through the Board of Carroll County Commissioners:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	CRRL/SSA 24-012 (07/01/23 - 06/30/24)	42,780	
Passed through the Maryland Department of Human Resources:				
Low-Income Home Energy Assistance	93.568	FIA/OHEP-23-003 (07/01/23 - 06/30/24)	219,625	
Low-Income Home Energy Assistance	93.568	Benefit Funds (07/01/23 - 06/30/24)	540,683	
Total Low-Income Home Energy Assistance passed through the Maryland Department of Human Resources			760,308	

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

Federal grantor/pass-through grantor/program or cluster title	Federal AL number	Pass-through entity identifying number	Federal expenditures	Amount passed through to subrecipients
Department of Health and Human Services (continued):				
477 cluster passed through the Maryland Department of Housing and Community Development:				
Community Services Block Grant	93.569	(10/01/22 - 09/30/24)	\$ 93,789	
Community Services Block Grant	93.569	(10/01/21 - 09/30/23)	402	
Community Services Block Grant	93.569	(07/01/23 - 06/30/24)	16,000	
Community Services Block Grant	93.569	(10/01/23 - 09/30/25)	<u>196,898</u>	
Total 477 cluster passed through the Maryland Department of Housing and Community Development			<u>307,089</u>	
Passed through the Maryland Family Network, Inc., Community-Based Child Abuse Prevention Grants	93.590	2102MDBCAP (07/01/23 - 09/30/23)	<u>30,000</u>	
Total Department of Health and Human Services			<u>1,140,177</u>	
U.S. Department of Homeland Security:				
Direct funding, Emergency Food and Shelter National Board Program	97.024	Phase 40 (11/01/21 - 12/31/23)	<u>10,000</u>	
Total U.S. Department of Homeland Security			<u>10,000</u>	
Total federal expenditures			<u>\$ 1,775,579</u>	

See notes to schedule of expenditures of federal awards.

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

1. Basis of presentation:

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. CFR 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 assets or cash flows of the Organization.

2. Summary of significant accounting policies:

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Federal 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.

3. Indirect cost rate:

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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*

Independent Auditor's Report

Board of Directors
Human Services Programs of Carroll County, Inc. and Subsidiary
Westminster, Maryland

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 Human Services Programs of Carroll County, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2024 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 and have issued our report thereon dated March 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Human Services Programs of Carroll County, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Human Services Programs of Carroll County, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Human Services Programs of Carroll County, Inc. and Subsidiary'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. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Human Services Programs of Carroll County, Inc. and Subsidiary's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Brown Plus". The script is cursive and fluid.

Westminster, Maryland
March 26, 2025

Report on Compliance
for the Major Federal Program and on Internal Control Over
Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Board of Directors
Human Services Programs of Carroll County, Inc. and Subsidiary
Westminster, Maryland

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary's major federal program for the year ended June 30, 2024. Human Services Programs of Carroll County, Inc. and Subsidiary's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Human Services Programs of Carroll County, Inc. and Subsidiary complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the 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 Human Services Programs of Carroll County, Inc. and Subsidiary 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 Human Services Programs of Carroll County, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

Responsibility 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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary's compliance with the requirements of the 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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary'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 Human Services Programs of Carroll County, Inc. and Subsidiary'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.

Brown Plus

Westminster, Maryland
March 26, 2025

**HUMAN SERVICES PROGRAMS
OF CARROLL COUNTY, INC. AND SUBSIDIARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

I. Summary of auditor's results

Financial statements:

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ yes	<u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted	___ yes	<u>X</u> no

Federal awards:

Internal control over major programs:		
Material weaknesses identified:	___ yes	<u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___ yes	<u>X</u> no
Identification of major program tested:		
<u>CFDA numbers</u>	<u>Name of federal program or cluster</u>	
93.568	Low-Income Home Energy Assistance	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>	
Auditee qualified as low-risk auditee:	<u>X</u> yes	___ no

II. Financial statement findings:

None

III. Federal award findings and questioned costs:

None



Human Services Programs
of Carroll County, Inc.

10 Distillery Drive, Westminster, MD 21157
P. O. Box 489, Westminster, MD 21158
www.hspinc.org

410-857-2999
(F) 410-857-8793

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

March 26, 2025

U.S. Department of Health and Human Services

Human Services Programs of Carroll County, Inc. respectfully submits the following summary schedule of prior audit finding for the year ended June 30, 2024.

Name and address of independent accounting firm:

Brown Plus
205 East Main Street
Westminster, MD 21157

Please see below for the finding noted in the audit for the year ended June 30, 2023.

If you require additional information or have concerns, please call Tom Welliver, Chief Financial Officer, at 410-386-6627.

Sincerely,

Thomas D. Welliver
Chief Financial Officer



Human Services Programs
of Carroll County, Inc.

10 Distillery Drive, Westminster, MD 21157

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PRIOR YEAR FINDINGS

Finding 2023-001

Condition:

One check and one deposit were included in the year-end bank reconciliation but related to activity from early in the subsequent fiscal year.

Current Status:

Procedures were put in place to review the timing and the recording of all checks and deposit to ensure proper cut-off. All checks are mailed within 24 hours of printing to ensure they are in proper periods.

The CFO reviewed the bank activity at year end to verify all activity was in the proper period.