FAMILY, INC. AND SUBSIDIARIES

Audited Consolidated Financial Statements
and Supplementary Information

For the Year Ended December 31, 2023

CONTENTS

MILLER, MAYER, SULLIVAN & STEVENS LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family, Inc. and Subsidiaries
Louisville, Kentucky

Opinion

We have audited the accompanying consolidated financial statements of Family, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023, 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.

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family, Inc. and Subsidiaries, as of December 31, 2023, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also in our opinion, the consolidating financial statements referred to in the first paragraph present fairly, in all material respects, the individual financial position of Family, Inc. and Subsidiaries other than Louisville Scholar House, LLC, Downtown Scholar House, LLLP, Stoddard Johnston Scholar House, LLLP, and Parkland Scholar House, LLLP (as to which we express no opinion because those statements were audited by other auditors as indicated in the following paragraph), as of December 31, 2023, and the results of their individual operations and their individual cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Louisville Scholar House, LLC, Downtown Scholar House, LLLP, Stoddard Johnston Scholar House, LLLP, and Parkland Scholar House, LLLP. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries is based solely on the report of the other auditors.

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 Consolidated Financial Statements section of our report. We are required to be independent of Family, Inc. and Subsidiaries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Family, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated

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financial statements are available to be 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 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 consolidated 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 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 Family, Inc. and Subsidiaries' 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 Family, Inc. and Subsidiaries' 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 consolidated 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 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 August 12, 2024, on our consideration of Family, Inc. and Subsidiaries' 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 Family, Inc. and Subsidiaries' 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 Family, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Miller, Mayer, Sullivan, & Stevens, LLP

Lexington, Kentucky
August 12, 2024

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

Assets

Current assets:	
Cash and cash equivalents - corporate operations	$ 3,292,549
Cash and cash equivalents - operating partnerships	83,450
Cash, tenant security deposits	47,963
Cash, restricted - corporate operations	337,100
Accounts receivable, net - corporate operations	6,758
Accounts receivable, net - operating partnerships	71,298
Grants receivable	783,173
Prepaid expenses and other assets	178,232
Total current assets	4,800,523
Net property and equipment - corporate operations	4,042,550
Net property and equipment - operating partnerships	22,681,936
Total property and equipment	26,724,486
Other long-term assets:	
Investments, restricted - corporate operations	1,024,744
Restricted property reserves - operating partnerships	1,405,834
Notes and interest receivable	1,472,005
Other assets, net - operating partnerships	54,663
Total other long-term assets	3,957,246
Total assets	$ 35,482,255

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

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

Liabilities

Current liabilities:	
Accounts payable and accrued expenses - corporate operations	$ 189,563
Accounts payable and accrued expenses - operating partnerships	205,139
Due to affiliates	18,121
Accrued interest	3,564
Current portion of notes payable - operating partnerships	20,346
Deferred revenue and other liabilities	286,355
Tenant security deposits - operating partnerships	59,776
Total current liabilities	782,864
Long-term liabilities:	
Accrued interest	134,290
Notes payable, less current portion, net - corporate operations	1,788,947
Notes payable, less current portion, net - operating partnerships	2,758,250
Deferred revenue and other liabilities	438,010
Total long-term liabilities	5,119,497
Total liabilities	5,902,361

Net Assets

Net assets without donor restrictions:	
Net assets without donor restrictions, controlling - corporate operations	7,799,344
Net assets without donor restrictions, controlling - operating partnerships	6,456,317
Net assets without donor restrictions, noncontrolling - operating partnerships	12,089,497
Total net assets without donor restrictions	26,345,158
Net assets with donor restrictions	3,234,736
Total net assets	29,579,894
Total liabilities and net assets	$ 35,482,255

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

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues			
Rents - net of vacancies	$ 1,832,592	$	$ 1,832,592
Service fees	122,918		122,918
Philanthropy	1,195,173		1,195,173
Grants	2,766,430	4,021,220	6,787,650
Contributed nonfinancial assets	11,366		11,366
Interest	131,725		131,725
Unrealized gain (loss) on investments	10,634		10,634
Other	254,169		254,169
Release of restricted net assets	1,640,237	(1,640,237)	
Total revenues	7,965,244	2,380,983	10,346,227
Expenses and Losses			
Compensation	4,553,836		4,553,836
Administrative	1,638,376		1,638,376
Professional services	186,983		186,983
Depreciation and amortization	1,650,528		1,650,528
Facility	1,194,755		1,194,755
Interest and fees	106,364		106,364
Project expenses	8,244		8,244
Total expenses and losses	9,339,086		9,339,086
Change in net assets			
Consolidated	(1,373,842)	2,380,983	1,007,141
Attributable to noncontrolling interest	(728,388)		
Change in net assets attributable to Family, Inc.	$ (645,454)	$ 2,380,983	$ 1,007,141

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

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

	Net Assets Without Donor Restrictions				
	Controlling	Noncontrolling	Total	Net Assets with Donor Restrictions	Total Net Assets
Balance, December 31, 2022	$ 14,901,115	$ 12,817,885	$ 27,719,000	$ 853,753	$ 28,572,753
Change in net assets	(645,454)	(728,388)	(1,373,842)	2,380,983	1,007,141
Balance, December 31, 2023	$ 14,255,661	$ 12,089,497	$ 26,345,158	$ 3,234,736	$ 29,579,894

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

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Operating Partnerships	Total
Assistance payments	$ 275,304	$	$	$	$ 275,304
Automobile expense	43,912	776			44,688
Depreciation and amortization	264,097	14,909		1,371,522	1,650,528
Employee benefits	155,726	1,137	66,543		223,406
Employee training	91,742			3,995	95,737
Insurances	14,745	28,593		117,327	160,665
Interest and other expenses	2,889			103,475	106,364
Legal and accounting		107,078		123,481	230,559
Miscellaneous	256,923	7,191		14,800	278,914
Newsletter			17,484		17,484
Office supplies	21,046	12,468		3,485	36,999
Payroll taxes	258,085	13,031	8,117		279,233
Printing and postage	1,920	345		6,440	8,705
Professional fees	274,068		36,000		310,068
Program publications	172,759				172,759
Public relations			3,000		3,000
Repairs and maintenance		3,761		443,522	447,283
Salary and wages	3,776,529	108,509	80,204	232,652	4,197,894
Telephone and internet	62,036	3,142		61,610	126,788
Utilities	38,190	2,282		302,990	343,462
Management and other partnership fees				98,408	98,408
Facility expense				158,023	158,023
Administrative expenses				34,605	34,605
Bad debt expense				38,210	38,210
Total expenses	$ 5,709,971	$ 303,222	$ 211,348	$ 3,114,545	$ 9,339,086

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

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 1,007,141
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	1,650,528
Amortization of deferred financing fees	3,813
Unrealized loss (gain) on investments	(10,634)
Forgiveness of debt	(243,157)
Change in accounts receivable, net	(15,016)
Change in pledges receivable, net	24,931
Change in grants receivable	(481,931)
Change in prepaid expenses and other assets	51,384
Change in accounts payable and due to affiliates	(9,940)
Change in accrued interest payable	13,508
Change in deferred revenue	(396,819)
Change in tenant security deposits liability	2,052
Other adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	168,122
Net cash provided (used) by operating activities	1,763,982
Cash Flows from Investing Activities	
Purchase of property and equipment	(807,008)
Sale of investments	250,000
Purchase of investments	(796)
Net change in notes and interest receivable	(35,462)
Net cash provided (used) by investing activities	(593,266)
Cash Flows from Financing Activities	
Principal payments on notes payable	(18,107)
Net cash provided (used) by financing activities	(18,107)
Net increase (decrease) in cash and cash equivalents, and restricted cash	1,152,609
Cash and cash equivalents, and restricted cash, beginning of year	4,014,287
Cash and cash equivalents, and restricted cash, end of year	$ 5,166,896
Supplemental Schedule of Noncash Investing Activities	
Purchase of property and equipment in accounts payable	$ 37,518
Supplemental Schedule of Cash Flow Information	
Cash paid for interest	$ 89,044

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

FAMILY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. Nature of Activities

Family, Inc. (Organization) is the parent company of Family Scholar House, Inc.; FSH Affiliates, LLC; FSH canvas/s, LLC; FSH Real Estate, LLC; FSH Resources, LLC; and FSH Works, LLC.

Family, Inc., Family Scholar House, Inc. and all single-member LLCs are not-for-profit, community-based organizations, headquartered in Louisville, Kentucky and serving communities and low- and moderate-income households across a 34-state geographic footprint.

The mission of Family, Inc. is to create cycles of success in our communities by providing access to opportunities and resources that promote a life of self-sufficiency and generational prosperity. All services provided by Family, Inc., Family Scholar House, and other subsidiaries are trauma-informed for both adults and their children.

Family Scholar House (FSH) began in 1995 and continues today to assist single parents, young adults formerly in foster care, and other vulnerable populations in obtaining post-secondary education that leads to a livable wage career. FSH is focused on ending the cycle of poverty and transforming our communities by empowering families and youth to succeed in education and achieve life-long self-sufficiency. FSH accomplishes this mission by providing comprehensive, holistic support for participants. This begins with needs assessment and continues with success coaching to ensure students, who may have been away from the educational environment for some time, develop the skills and leverage the tools to make them successful in their educational and career endeavors. Care management is also an integral component of the FSH support services. Residential participants meet with care managers twice monthly to identify any challenges for the family and are provided with resources to overcome those challenges. Others have access to programs and services as needed. Many of the participants come to FSH lacking some of the basic life skills necessary for them to be self-sufficient, including financial empowerment, healthful behaviors, stress management, and physical and mental wellbeing.

FSH engages volunteers throughout the communities served to share expertise with participants in key areas and build relationships. FSH complements paid staff and interns by leveraging volunteers to create the continuum of service necessary for FSH participants to succeed. While the young adult and parent scholar are at the center of many programs of FSH, the children scholars also receive the support and resources they need to become successful students and aspire to proceed to higher education in their adult life. This includes two-generation programs such as Toddler Book Club, Children for Change, and summer career and leadership camps. FSH creates a college-going culture for every participant in the program and defines college broadly to include credentialing, apprenticeships, and trades, as well as two- and four-year college experiences. The continuum of care described above is available for all participants. As housing units become available, some participants and their families are able to reside at one of the FSH campuses. Currently, FSH operates five campuses in Louisville, Kentucky, with a total of 279 affordable apartments. Three additional campuses are under construction in Sellersburg, IN; Elizabethtown, KY; and the LouMed district of Louisville. Each of these campuses become communities of peer support, providing a network of people with similar backgrounds and experiences who strengthen and encourage one another through the challenges of higher education and life. Thus, Family Scholar House, Inc. is an education and workforce program with a housing component that utilizes internal resources and community collaborations to meet the needs of the individuals and families served.

Recognizing the evolving challenges of labor shortages and workforce needs as well as the changes brought by the pandemic, FSH sought upstream solution to support individuals and families in poverty. That led to the development of programs responsive to what participants need and how best to be available to them. As a result, in addition to affordable housing, and residential programming, for which FSH is known, Family, Inc. is the parent company FSH Works, which includes the Trager Response Center for on-demand coaching and advocacy, and collaborative and contract support services for students, apprentices, entry-level workers and tenants of affordable properties owned by other organizations. Through this upstream focus, we are able to provide resources to keep a student, apprentice, or employee on track and moving toward improved self-sufficiency and opportunities to thrive. Knowing that most Americans do not have the liquid assets to address a $400 unexpected expense, the resources that FSH Works staff provide can mean the difference between a person persisting in their educational journey or remaining employed. These small dollar investments upstream mean that individuals and families need less support in the future. FSH Works leads FSH HealthCorps, an AmeriCorps program designed to build the healthcare talent pipeline which is now in eight states, and opioid abatement programming in both Kentucky and Alabama.

FSH Real Estate, LLC is a real estate holding company for Family and Family Scholar House properties.

FSH Resources, LLC is best known for MyKY.info, FSH's mobilized web-app providing free resources in English, Spanish, French, and in Louisville only, Arabic. The web-app is available across the Commonwealth of Kentucky. All resources are visited and vetted before being added to the web-app and are verified again each six months to ensure information is current and reliable. In addition to access on computers and mobile devises via the user’s browser, FSH Resources has placed 60 kiosks in high-traffic areas across the Commonwealth of Kentucky to increase awareness and access to services that address the social determinants of health.

FSH Affiliates, LLC was created to support other not-for-profits in replicating Family Scholar House’s program model in their own communities. Currently, there are 18 locations from coast to coast. FSH Affiliate staff provide technical assistance and support for the other organizations as they serve their own participants and the communities in which they live.

FSH canvas/s, LLC is the entity responsible for the database built by Family Scholar House and used by all entities within Family, Inc., as well as all affiliate locations across the country. Built upon the Salesforce platform with Shield-level encryption, canvas/s is able to store and track over 250 fields of information for each household and all touchpoints with staff. The rich data allow participants to celebrate their milestones and achievements. Further the data inform not only program improvement efforts but also the work of policy-makers and community leaders seeking to understand and quantify the return on investment for key initiatives. Utilizing national research and data from canvas/s, a series of white papers has been created to educate and advocate for the needs of student-parent families and low- and moderate-income households. The white papers are available for free download at https://familyscholarhouse.org/white-papers/.

Family, FSH, and all entities are supported primarily through donor contributions; federal, state, and foundation/corporation grants; and fund-raising activities.

2. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Family, Inc. and its wholly-owned subsidiaries, collectively referred to as the Corporate Operations:

Project Women Development, LLC ("PWD") is a single member limited liability company, which was formed in February 2008, and whose purpose is to consult and manage the construction of the Family Scholar House property.

DSH GP, Inc. is a wholly-owned for-profit corporation, which was formed in March 2010 for the purpose of being the general partner in Downtown Scholar House, LLLP.

SJSH GP, LLC is a single member limited liability company, which was formed in December 2010 for the purpose of being the general partner in Stoddard-Johnston Scholar House, LLLP.

Parkland GP, LLC is a single member limited liability company, which was formed in December 2012 for the purpose of being the general partner in Parkland Scholar House, LLLP.

Louisville Scholar House, LLC (the "Company") was formed to fund construction of 56 independent living apartments and a child development center in Louisville, Kentucky. Construction was completed in August 2008. National City Community Development Corporation was the investor member owning a 99.99% Company interest, in exchange for a loan commitment of approximately $7,035,000 to the Company, and received low-income tax credits generated by the Company. During 2021, the investor member assigned its rights to the manager.

The accompanying consolidated financial statements also include the accounts of the Organization's investments in limited partnerships or limited liability companies in which Family, Inc. has a controlling interest. These entities are included in the consolidation according to generally accepted accounting principles ("GAAP") which require the partnership accounts be consolidated for all limited partnerships or limited liability companies which are deemed to be controlled by the Organization. All intercompany transactions have been eliminated in consolidation.

The following entities are included in the consolidated financial statements of the Organization, collectively known as Operating Partnerships:

Downtown Scholar House, LLLP (the "Partnership") was formed to fund the rehabilitation and construction of 54 independent living apartments in Louisville, Kentucky. The construction of the apartments was completed in January 2011. Ohio Equity Fund for Housing Limited Partnership XXIII is the limited partner owning a 99.9% partnership interest, in exchange for an equity commitment of approximately $3,003,000 to the DSH Partnership, and received low-income tax credits generated by the Partnership. Additional financing to complete construction of this project was provided by grants and loans from governmental agencies.

Stoddard Johnston Scholar House, LLLP (the "Partnership") was formed to fund the rehabilitation and construction of 57 independent living apartments in Louisville, Kentucky through certain tax credits generated by the SJSH Partnership along with various grants and loans from government agencies. The construction of the apartments was completed in March 2012. PNC Bank, NA, is the limited partner owning a 99.99% partnership interest, in exchange of an equity commitment of approximately $9,309,000 to the Partnership, and received low-income tax credits generated by the Partnership.

Parkland Scholar House, LLLP (the "Partnership") was formed to fund the rehabilitation and construction of 48 independent living apartments in Louisville, Kentucky through certain tax credits generated by the Parkland Partnership along with various grants and loans from government agencies. The construction of the apartments was completed in August 2013. PNC Bank, NA, is the limited partner owning a 99.9% partnership interest, in exchange of an equity commitment of approximately $8,500,000 and received low-income tax credits generated by the Partnership.

Basis of Accounting. The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP for nongovernmental entities.

Revenue Recognition. Rental income, principally from short-term leases on apartment units is recognized as the rentals become due.

The Organization recognizes gifts of cash and other assets as revenue without donor restrictions unless they are received with donor restrictions. Gifts with restrictions are reported as revenue with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

Unconditional promises to give are recorded as revenue at estimated net realizable value. Conditional promises to give, this is, those with a measurable performance or other barrier, and a right of return are not recognized until the conditions on which they depend have been substantially met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions in the period of receipt. Unconditional promises to give with payments due in future periods are discounted to present value and reported as revenue with donor restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Special event revenues are recognized when the event is held. Contributions received at or related to a special event are recorded as Philanthropy in the Consolidated Statement of Activities.

Use of Accounting Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Cash and Cash Equivalents. The Organization considers all highly-liquid investments with maturities when purchased of three months or less, that are not designated for a specific purpose to be cash equivalents. The Organization typically maintains balances with its bank in excess of federally-insured limits.

Restricted Cash. Program participants have the option of making regular payments to a Participant Future Fund. These restricted funds are maintained by the Organization and disbursed to the participants at the completion of the program.

The Operating Partnerships are required to make monthly deposits for replacement reserves and taxes and insurance escrows in a separate account held by the project. The mortgagor for the Operating Partnership controls these escrow deposits.

Investments. This classification includes certificates of deposits, bonds, and shares of stock. Investments in marketable securities are reported at fair value (See Note 5).

Accounts Receivable and Bad Debts. An allowance for doubtful accounts is recorded when tenant receivables are deemed uncollectible. The estimated losses are based on a review of the current status of existing receivables. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2023, the allowance for doubtful accounts was $3,817.

Property and Equipment. Property and equipment purchased by the Organization are stated at cost. Property and equipment donated to the Organization are stated at estimated fair value at the date of donation. The Organization's policy is to capitalize all long-lived assets with a cost greater than $500. Depreciation of property and equipment is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 40 years.

Predevelopment Project Costs. The Organization incurs costs in connection with properties it is considering for development as well as costs associated with properties in the initial stages of development. These costs include such items as market and environmental studies, purchase options, and legal and accounting costs. Predevelopment costs are capitalized until such time as the project is either abandoned or becomes an approved project with independent funding sources. Predevelopment project costs are written off when a potential project is no longer considered desirable or feasible.

Impairment of Long-lived Assets. In accordance with GAAP, management continually monitors events and changes in circumstances, which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of its carrying value of the real estate that exceeds its fair value. No impairment loss has been recognized during the year ended December 31, 2023.

Debt Issuance Costs. Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage and notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Tax Credit Fees and Intangible Assets Amortization. Tax credit monitoring fees are being amortized using the straight-line method over the 15-year tax credit compliance period. Intangible assets are being amortized over the useful lives of the intangible assets ranging from 3 to 10 years.

Amortization expense for the year ended December 31, 2023 was $18,688. Estimated amortization expense for each of the ensuing years through December 31, 2028 is as follows:

2024	$	16,047
2025		16,041
2026		11,943
2027		6,112
2028		5,000

Basis of Presentation and Net Assets. GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Program service expenses must be segregated from management and general expenses. Contributions received are recorded as support without donor restrictions or with donor restrictions. Net assets without donor restrictions are those that have no external restrictions. Net assets with donor restrictions are those net assets for which use is limited by donors to a specific time period and/or purpose of for which use is restricted in perpetuity by donors.

Noncontrolling Interest in Operating Partnerships. This represents the aggregate balance of limited partner or investor member equity interests in the nonwholly-owned limited partnerships or limited liability companies that are included in the consolidated financial statements.

Net Assets Without Donor Restrictions. Net assets without donor restrictions are available for use at the discretion of the board of trustees and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions. Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Family, Inc. reports gifts of cash and other assets as revenue 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 or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

See Note 12 for more information on the composition of net assets with donor restrictions.

Income Tax Status. Family, Inc. and its consolidated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. Family, Inc. did not have any unrelated business income for the year ended December 31, 2023. All nonprofit corporations are required to file tax returns with the IRS and other taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that, as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. For the year ended December 31, 2023, the Organization did not identify any uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

DSH GP, Inc. is a corporation subject to income taxes. No income taxes were due and payable for the December 31, 2023.

The Operating Partnerships in which the Organization has an ownership interest have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by their owners on their respective income tax returns. The Operating Partnerships' federal tax statuses are based on their legal status as a partnership or a limited liability company. Accordingly, the Operating Partnerships are not required to take any tax positions in order to qualify as a pass-through entity. The Operating Partnerships are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Operating Partnerships have no other tax positions which must be considered for disclosure.

Income tax returns filed by the Organization and its consolidated entities are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2019 remain open.

Contributed Nonfinancial Assets. Certain contributed services, supplies, and property are recorded as support and expenses or a related asset at fair value when determinable, otherwise at values indicated by the donor. The Organization received and utilized contributed nonfinancial assets without donor restrictions of $11,366 during the year ended December 31, 2023 as follows**:**

Contributed services	$ 8,357
Contributed supplies	3,009
Total	$ 11,366

Functional Allocation of Expenses. The costs of providing the various programs, general and administrative, fundraising, and operating partnerships have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The cost of providing the Organization's programs and other activities is summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using the proportion of full-time employee equivalents of a program service versus the total organizational full-time employee equivalents.

General and administrative expense include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others. Fundraising costs, including advertising, are expensed as incurred, even those they may result in contributions received in future years.

Operating partnerships expenses include those costs that are directly related to the operations of the properties.

Date of Management's Review. Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated the activity of Family, Inc. through August 12, 2024 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

3. Liquidity

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

Cash and cash equivalents - corporate operations	$ 3,292,549
Cash and cash equivalents - operating partnerships	83,450
Cash, restricted - corporate operations	337,100
Accounts receivable, net - corporate operations	6,758
Accounts receivable, net - operating partnerships	71,298
Grants receivable	783,173
Net assets with donor restrictions included in cash and cash equivalents	(3,234,736)
Accounts payable and accrued expenses - corporate operations	(189,563)
Accounts payable and accrued expenses - operating partnerships	(205,139)
Current portion of notes payable - operating partnerships	(20,346)
Total assets available	$ 924,544

As part of Family, Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. Cash utilized by the parent organization, in excess of daily requirements, is invested in short-term investments and money market funds.

4. Cash and Deposits

Cash and deposits are categorized as unrestricted, which include board-designated amounts for a specific purpose, or restricted. Unrestricted cash held by the Operating Partnerships is generally not available for corporate purposes but is instead limited for use within individual properties.

At December 31, 2023, cash and deposits were as follows:

Unrestricted cash - corporate operations	$ 3,292,549
Restricted cash - corporate operations	337,100
Total cash - corporate operations	$ 3,629,649
Unrestricted cash - operating partnerships	$ 83,450
Restricted cash - tenant security deposits - operating partnerships	47,963
Restricted cash - restricted property reserves operating partnerships	1,405,834
Total cash - operating partnerships	$ 1,537,247

5. Fair Value

The Organization uses fair value to measure certain assets and liabilities. Fair value should be based on the assumptions that market participants would use when pricing the asset or liability, and establishes the following fair value hierarchy:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety. The Organization carries its certificates of deposits, bonds, and shares of stock at fair value. The fair value of these instruments is determined using a three-tier fair value hierarchy. Based on this hierarchy, the Organization determined the fair value of its certificates of deposits, bonds, and shares of stocks using quoted market prices, a Level 1 or an observable input. At December 31, 2023, the Organization's investments had a fair value and carrying amount of $1,024,744.

6. Pledges and Grants Receivable

Pledges and grants receivable consist of unconditional promises to give. As of December 31, 2023, $783,173 remain receivable. As of December 31, 2023, future maturities are as follows:

2024	$ 783,173
2025	
2026	
2027	
2028	
Thereafter	
Total pledges receivable	$ 783,173

The valuation of pledges and grants receivable is based upon a detail analysis of past due accounts and the history of uncollectible accounts. At December 31, 2023, the Organization considers all pledges and grants receivable to be fully collectible; accordingly, no allowance for uncollectible pledges and grants was recorded.

7. Property and Equipment

Property and equipment consists of the following at December 31, 2023:

Land and land improvements	$ 2,610,212
Buildings	39,363,075
Furniture and equipment	2,327,734
Predevelopment project costs	763,422
Total property and equipment	45,064,443
Less accumulated depreciation	(18,339,957)
Property and equipment, net	$ 26,724,486

Depreciation expense for the year ended December 31, 2023 was $1,631,839.

8. Property Management Fees

The Operating Partnerships entered into management agreements with Beacon Property Management for the management of the rental operations of the properties beginning March 1, 2020. Beacon Property Management charges a monthly fee of 5% of the gross rents and all other operating income generated. During the year ended December 31, 2023, management fees of $89,242 have been charged to operations.

9. American Recovery and Reivestment Act ("ARRA")

On May 17, 2010, Downtown Scholar House, LLLP entered into a $3,086,874 note payable with Kentucky Housing Corporation (KHC), which was funded through the Tax Credit Exchange Program (TCEP) pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009. Under Section 1602, state housing agencies can exchange allocations of low-income housing tax credits (LIHTC) which have been allocated to their state under Section 42 of the Internal Revenue Code ("Section 42") for cash at a prescribed rate of up to $0.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC.

Downtown Scholar House, LLLP's loan does not bear interest and matures on November 15, 2026. Under the loan agreement, loan principal is forgiven annually at the rate of 6.67% over the 15-year tax credit compliance period. Forgiveness is subject to Downtown Scholar House, LLLP maintaining compliance with Section 42. During the year ended December 31, 2023, Downtown Scholar House, LLLP recognized $204,968 as income from debt forgiveness. As of December 31, 2023, the outstanding balance of this note was $625,059.

The note is secured by a mortgage on the rental property and assignment of leases and rents.

10. Notes Payable

Notes payable at December 31, 2023 consist of the following:

Forgivable loan from a government agency, collateralized by a mortgage and regulatory agreement, bearing 0% interest. The note will be forgiven in full at its maturity in December 2040 as long as the Organization maintains compliance with the affordability requirements in the funding commitment agreement.	$ 1,000,000
Note payable to a government agency, collateralized by a mortgage and regulatory agreement, bearing interest at 1%. Principal and interest are payable on or before the maturity date in December 2030. Interest may be paid yearly. For the year ended December 31, 2023, interest expense of $2,889 was charged to operations.	288,947
Forgivable loan from a government agency, collateralized by a mortgage and regulatory agreement, bearing 0% interest. The note will be forgiven in full at its maturity in February 2032 as long as the Organization maintains compliance with the affordability requirements in the funding commitment agreement.	500,000
Note payable to Republic Bank & Trust Company due in July 2027 at an interest rate of 5%. Monthly payments of interest of $2,475 began in 2022. The loan is secured by a first mortgage lien on the rental property. In addition, an investment valued at $930,000 as been pledged as collateral. For the year ended December 31, 2023, interest expense of $46,505 was charged to operations.	930,000
Note payable to PNC Bank due in January 2027 at interest rate of 5.75% with monthly payments of principal and interest of $5,054. The loan is secured by a first mortgage lien on the rental property. For the year ended December 31, 2023, interest expense of $42,449 was charged to operations. Unamortized debt issuance costs as of December 31, 2023 are $3,318. Debt issuance costs are amortized based on an imputed interest rate of 5.88%.	719,811
Note payable to CDBG at an interest rate of 1% due on December 31, 2030. The note is secured by a second mortgage on the rental property. For the year ended December 31, 2023, interest expense of $3,000 was charged to operations.	300,000
HOME note payable to the Louisville/Jefferson County Metro Government at an interest rate of 1%, due in February 2031. For the year ended December 31, 2023, interest expense of $7,708 was charged to operations. Unamortized debt issuance costs as of December 31, 2023 are $7,897. Debt issuance costs are amortized based on an imputed interest rate of 1.54%.	500,000
Note payable to Louisville Metro Housing Authority, without interest, due in March 2056. If the note is not paid on or before the maturity date, the note shall thereafter bear interest on the outstanding principal balance at an annual rate of 10% until paid. For the year ended December 31, 2023, no interest expense was charged to operations.	340,000
Total notes payable	$ 4,578,758

Future maturities of notes payable are as follows:

For the year ended December 31, 2024	$ 20,346
2025	21,547
2026	22,819
2027	1,585,100
2028	
Thereafter	2,928,946
	4,578,758
Less: net loan fees	(11,215)
	$ 4,567,543

11. Note Receivable

On February 10, 2016, the Organization entered into a loan agreement with Riverport Family, Inc. LLC, in the original amount of $1,262,000. The loan bears interest at 2.81% compounded annually. Principal and interest shall be deferred and payable until the sooner of February 1, 2049 and the date in which the Lender acquires the Premises in accordance with the Lease (see Note 19). Interest income for the year ended December 31, 2023 was $35,462. The principal and interest receivable balances outstanding at December 31, 2023 are $1,262,000 and $210,005, respectively.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 are available for the following purposes:

Ogle Foundation	$ 878,882
James Graham Brown Foundation	605,000
BlueSky	500,000
PNC - Elizabethtown Playground	300,000
ECMC	271,460
KY Opioid Abatement	261,761
Robert Rounsavall Family Foundation	83,314
Paul and Jill Acherman Jones	52,000
Brown Forman - Opioid	25,000
Ionnotti Family	13,879
PNC - MLBA	10,000
Gheens Foundation	7,147
HEROES Campaign	6,057
Allgeier Scholarship	5,150
NOLIN Rural	3,289
Impact	2,784
Various other programs	209,013
	$ 3,234,736

13. Related Party Transactions

The Organization has significant related party transactions with affiliates. It provides development services, fund raising assistance, resident and administrative services.

Notes and interest receivable, affiliates. The amounts loaned by the Organization primarily represent predevelopment and development loans to affiliates. These loans are generally collateralized with real estate of the funded property. These loans have been eliminated in consolidation.

Development fee income. Generally, all development fee income is earned in connection with affiliated entities. Development fees which are paid from operating cash flows from affiliated entities are eliminated in consolidation.

Investor service fee. The Limited Partner is entitled to receive a cumulative annual investor service fee as outlined in the Partnership Agreement for certain Operating Partnerships. The fee is payable to the extent of cash flow available for distribution. For the year ended December 31, 2023, $4,833 was charged to operations. As of December 31, 2023, $18,121 remains payable.

Asset management fee. An affiliate of the Limited Partner of Downtown Scholar House LLLP is entitled to receive a one-time payment of $65,000 as an asset management fee. As required by the Partnership Agreement, any accrued and unpaid asset management fee shall be paid in full in the event of a disposition of the Project, as defined. The asset management fee was paid from equity contributions during 2011 and is recorded as a prepaid asset and amortized over the tax credit compliance period. As of December 31, 2023, the balance in the prepaid asset management fee is $9,028. For the year ended December 31, 2023, asset management fees of $4,333 were expensed.

14. Statement of Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts in the statement of cash flows:

Cash and cash equivalents - corporate operations	$ 3,292,549
Cash and cash equivalents - operating partnerships	83,450
Cash, tenant security deposits	47,963
Cash, restricted - corporate operations	337,100
Restricted property reserves - operating partnerships	1,405,834
Total cash, cash equivalents, and restricted cash shown on the statement of cash flows	$ 5,166,896

Amounts included in restricted cash are comprised of security deposits held in trust for the future benefit of tenants upon moving out of the property and other reserves as required by regulatory authority and the partnership agreements.

15. Guarantor Agreements

The Organization is the general partner in various limited partnerships for the purpose of purchasing, constructing, rehabilitating and operating low-income housing in the Louisville Metro area. As general partner, the Organization is obligated to guarantee amounts borrowed by the partnerships and lend amounts to the partnerships to avoid any cash flow deficits from partnership.

16. Special Events

The Organization held various fundraising events to raise awareness among the attendees and the local community as to the Organization's cause, and to solicit donations. Gross revenues and direct event expenses related to fundraising events during the year ended December 31, 2023 were as follows and are recorded as Philanthropy in the consolidated statement of activities:

Revenues	$ 571,401
Expenses	(153,394)
Total	$ 418,007

17. Retirement Plan

The Organization has a 401(k) plan to fund retirement for its employees. The Organization matches employees' contributions up to 4% of their compensation. The Organization made contributions of $46,972 for the year ended December 31, 2023.

18. Concentrations

During the year ended December 31, 2023, the Organization's revenue and receivable concentrations of credit risk were as follows:

- 10% of contribution revenue without donor restrictions was received from one donor. The single largest donation was $82,735.
- 25% of non-governmental grant revenue with donor restrictions was received from one grantor agency.
- 74% of governmental grant revenue with donor restrictions was received from one grantor agency.
- 28% of pledges and grants receivable are due from a single donor.

19. Commitments and Contingencies

Property use restrictions. Several of the properties owned by the Organization were developed using monies provided by grants and restrictive, low interest rate loans. The terms of these loans restrict the use of the property and generally require it to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grant or the loans would result in a requirement to repay a portion or all of the proceeds received.

Other. As the general partner in various partnerships, the Organization and other consolidated entities may be subject to other liabilities should an affected partnership's assets become insufficient to meet its obligations.

The Organization has entered into an employment agreement with its President and Chief Executive Officer which provided for severance pay should she be terminated without cause. This commitment expires on June 30, 2027.

Lease agreement. The Organization entered into a lease agreement with Riverport Family, Inc., LLC in February 2017 to lease the academic services building. The term of the lease is 17 years, commencing on the Delivery Date, as defined. The rent is $1 annually. The lease commenced on July 16, 2018.

Development. The Organization has a commitment for development of a new Sellersburg, IN campus of approximately $8,430,000. As of December 31, 2023, construction in process includes $763,422 of predevelopment project costs related to this commitment. Construction is expected to be completed by April 2025.

In 2024, the Organization expects to begin predevelopment on additional campuses in Elizabethtown, KY and the LouMed district.

20. Insurance Claims

Property owned by the Organization suffered IT/electrical damage on January 12, 2023. Insurance proceeds of $25,365 were received during 2023 and $6,758 has been recorded as accounts receivable - corporate operations as of December 31, 2023. Repair expenses of $4,441 were paid during 2023 and $20,924 has been recorded as accounts payable - corporate operations for remaining repairs expected to be completed in 2024.

Property owned by the Organization suffered damage on July 1, 2023. Insurance proceeds of $13,339 were used for repairs totaling $14,339, which were completed in 2023.

SUPPLEMENTARY INFORMATION

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2023

	Family Scholar House, Inc.	Louisville Scholar House, LLC	Downtown Scholar House, LLLP	Stoddard Johnston Scholar House, LLLP	Parkland Scholar House, LLLP	Eliminations	Consolidated
Assets							
Current assets:							
Cash and cash equivalents - corporate operations	$ 3,292,549	$	$	$	$	$	$ 3,292,549
Cash and cash equivalents - operating partnerships		3,925	3,389	61,965	14,171		83,450
Cash, tenant security deposits		12,519	10,635	12,846	11,963		47,963
Cash, restricted - corporate operations	337,100						337,100
Accounts receivable, net - corporate operations	125,556					(118,798)	6,758
Accounts receivable, net - operating partnerships		35,433	6,836	25,684	3,345		71,298
Grants receivable	783,173						783,173
Prepaid expenses and other assets	147,863	6,256	12,949	5,307	5,857		178,232
Total current assets	4,686,241	58,133	33,809	105,802	35,336	(118,798)	4,800,523
Property and equipment:							
Land and land improvements	321,308	931,638	693,191	191,450	472,625		2,610,212
Buildings	3,657,917	11,321,563	7,828,820	10,351,454	7,931,818	(1,728,497)	39,363,075
Furniture and equipment	1,355,633	76,036	289,199	335,361	271,505		2,327,734
Predevelopment project costs	763,422						763,422
Accumulated depreciation	(2,055,730)	(5,985,893)	(2,927,649)	(4,841,275)	(3,464,237)	934,827	(18,339,957)
Net property and equipment	4,042,550	6,343,344	5,883,561	6,036,990	5,211,711	(793,670)	26,724,486
Other long-term assets:							
Investments, restricted - corporate operations	1,024,744						1,024,744
Restricted property reserves - operating partnerships		71,929	547,380	565,631	220,894		1,405,834
Investments in limited partnerships, net	499,813					(499,813)	
Notes and interest receivable, affiliates	2,199,576					(2,199,576)	
Notes and interest receivable	1,472,005						1,472,005
Other assets, net - operating partnerships	5,720		7,148	18,547	23,248		54,663
Total other long-term assets	5,201,858	71,929	554,528	584,178	244,142	(2,699,389)	3,957,246
Total assets	$ 13,930,649	$ 6,473,406	$ 6,471,898	$ 6,726,970	$ 5,491,189	$ (3,611,857)	$ 35,482,255

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (continued)
December 31, 2023

	Family Scholar House, Inc.	Louisville Scholar House, LLC	Downtown Scholar House, LLLP	Stoddard Johnston Scholar House, LLLP	Parkland Scholar House, LLLP	Eliminations	Consolidated
Liabilities							
Current liabilities:							
Accounts payable and accrued expenses - corporate operations	$ 189,563	$	$	$	$	$	$ 189,563
Accounts payable and accrued expenses - operating partnerships		2,645	173,530	15,235	13,729		205,139
Due to affiliates				66,514	70,405	(118,798)	18,121
Accrued interest				3,564			3,564
Current portion of notes payable, operating partnerships				20,346			20,346
Deferred revenue and other liabilities	74,629		211,726				286,355
Tenant security deposits - operating partnerships	14,290	12,136	10,500	12,100	10,750		59,776
Total current liabilities	278,482	14,781	395,756	117,759	94,884	(118,798)	782,864
Long-term liabilities:							
Accrued interest	35,458			98,832			134,290
Accrued interest, affiliates			209,453		50,655	(260,108)	
Notes payable, less current portion, net - corporate operations	1,788,947						1,788,947
Notes payable, less current portion, net - operating partnerships			930,000	1,898,175	103,214	(173,139)	2,758,250
Notes payable, less current portion, affiliates			1,766,329			(1,766,329)	
Deferred revenue and other liabilities		2,320	413,332	20,609	1,749		438,010
Total long-term liabilities	1,824,405	2,320	3,319,114	2,017,616	155,618	(2,199,576)	5,119,497
Total liabilities	2,102,887	17,101	3,714,870	2,135,375	250,502	(2,318,374)	5,902,361
Net Assets							
Net assets without donor restrictions:							
Net assets without donor restrictions, controlling - corporate operations	8,593,026					(793,682)	7,799,344
Net assets without donor restrictions, controlling - operating partnerships		6,456,305	499,705	(1)	109	(499,801)	6,456,317
Net assets without donor restrictions, noncontrolling - operating partnerships			2,257,323	4,591,596	5,240,578		12,089,497
Total net assets without donor restrictions	8,593,026	6,456,305	2,757,028	4,591,595	5,240,687	(1,293,483)	26,345,158
Net assets with donor restrictions	3,234,736						3,234,736
Total net assets	11,827,762	6,456,305	2,757,028	4,591,595	5,240,687	(1,293,483)	29,579,894
Total liabilities and net assets	$ 13,930,649	$ 6,473,406	$ 6,471,898	$ 6,726,970	$ 5,491,189	$ (3,611,857)	$ 35,482,255

FAMILY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

	Family Scholar House, Inc.	Louisville Scholar House, LLC	Downtown Scholar House, LLLP	Stoddard Johnston Scholar House, LLLP	Parkland Scholar House, LLLP	Eliminations	Consolidated
Revenues							
Rents - net of vacancies	$	$ 487,141	$ 447,044	$ 500,220	$ 398,187	$	$ 1,832,592
Service fees	143,803					(20,885)	122,918
Philanthropy	1,195,173						1,195,173
Grants	6,787,650						6,787,650
Contributed nonfinancial assets	11,366						11,366
Interest	121,343	4	17,035	8,628	5,213	(20,498)	131,725
Unrealized gain (loss) on investments	10,634						10,634
Other	7,097	38,562	206,219	1,261	1,030		254,169
Total revenues	8,277,066	525,707	670,298	510,109	404,430	(41,383)	10,346,227
Expenses and Losses							
Compensation	4,321,184	60,086	59,114	59,981	53,471		4,553,836
Administrative	1,424,973	56,111	61,455	49,623	67,099	(20,885)	1,638,376
Professional services	142,828	9,360	8,010	12,660	14,125		186,983
Depreciation and amortization	279,006	420,662	219,514	393,778	337,568		1,650,528
Facility	49,749	296,485	236,792	300,791	310,938		1,194,755
Interest and fees	2,889		63,775	56,970	3,228	(20,498)	106,364
Project expenses	3,911		4,333				8,244
Total expenses	6,224,540	842,704	652,993	873,803	786,429	(41,383)	9,339,086
Change in net assets	2,052,526	(316,997)	17,305	(363,694)	(381,999)		1,007,141
Net assets, beginning of year	9,775,236	6,773,302	2,739,723	4,955,289	5,622,686	(1,293,483)	28,572,753
Net assets, end of year	$ 11,827,762	$ 6,456,305	$ 2,757,028	$ 4,591,595	$ 5,240,687	$ (1,293,483)	$ 29,579,894

FEDERAL AWARDS DISCLOSURES

FAMILY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Grant/Program Title	Assistance Listing Number	Contract Number	Federal Expenditures	Subrecipient Expenditures
Corporation for National and Community Services (CNCS)				
Passed through Kentucky Cabinet of Health/Family Services:				
AmeriCorps State and National	94.006	PON3-730-2200000025	$ 1,308,642	$
Total Corporation for National and Community Services			1,308,642	
United States Department of Housing and Urban Development (HUD)				
Passed through Louisville/Jefferson County Metro Government:				
Community Development Block Grants/Entitlement Grants	14.218		29,971	
Direct:				
Youth Homeless Demonstration Program	14.267	KY0223Y4I012102	84,266	
Total United States Department of Housing and Urban Development			114,237	
United States Department of Agriculture (USDA)				
Passed through Commonwealth of Kentucky:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	PON2-736-2200001801	261,081	
Total United States Department of Agriculture			261,081	
United States Department of Justice (DOJ)				
Passed through Commonwealth of KY Justice and Public Safety Cabinet:				
Crime Victim Assistance (VOCA)	16.575	VOCA-2022-Family S-00072	52,591	
Crime Victim Assistance (VOCA)	16.575	PON2-500-2300003705	10,094	
Assistance Listing Number total			62,685	
Total United States Department of Justice			62,685	
United States Department of Treasury (TREAS)				
Passed through Commonwealth of KY Justice and Public Safety Cabinet:				
Coronavirus State and Local Fiscal Recovery	21.027	ARPA-2021-Family S-00051	21,656	
Total United States Department of Treasury			21,656	
Total Federal Assistance			$ 1,768,301	$

FAMILY, INC. AND SUBSIDIARIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of Family, Inc. and Subsidiaries and is presented on the accrual basis of accounting. 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 Family, Inc. and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family, Inc. and Subsidiaries

NOTE B - 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. Family, Inc. and Subsidiaries has elected not to use the 10 percent deminimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - COVID-19 FUNDS

Family, Inc. and Subsidiaries received funds related to COVID-19 funding as follows:

Program	Assistance Listing Number	Amount
Coronavirus State and Local Fiscal Recovery Funds	21.027	$ 21,656

MILLER, MAYER, SULLIVAN & STEVENS LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Family, Inc. and Subsidiaries
Louisville, Kentucky

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 Family, Inc. and Subsidiaries (a non-profit organization) (Organization), which comprise the statement of financial position as of December 31, 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 August 12, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described as 2023-001 in the accompanying schedule of findings and questioned costs that we considered to be a material weakness.

Report on Compliance and Other Matters

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

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Organization's Response to the Finding

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

Purpose of This Report

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

Miller, Mayer, Sullivan, & Stevens, LLP

Miller, Mayer, Sullivan, & Stevens, LLP
Lexington, Kentucky
August 12, 2024

MILLER, MAYER, SULLIVAN & STEVENS LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Family, Inc. and Subsidiaries
Louisville, Kentucky

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Family, Inc. and Subsidiaries's (Organization) 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 the Organization's major federal program for the year ended December 31, 2023. The Organization'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, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2023.

Basis for Opinion the 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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,

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intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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.

Miller, Mayer, Sullivan, & Stevens, LLP

Lexington, Kentucky
August 12, 2024

FAMILY, INC. AND SUBSIDIARIES
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
As of December 31, 2023

There were no findings in the December 31, 2022 audit.

FAMILY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
As of December 31, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Family, Inc. and Subsidiaries were prepared in accordance with GAAP.
2. Material weaknesses or significant deficiencies in internal control were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Family, Inc. and Subsidiaries were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for Family, Inc. and Subsidiaries expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was:
    - AmeriCorps State and National (Assistance Listing Number 94.006)
8. The threshold for distinguishing Type A and B programs was $750,000.
9. Family, Inc. and Subsidiaries was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2023-001 **Accounts in the general ledger did not have supporting schedules for significant transaction classes, accounts in the general ledger were not reconciled to the prior year audit, and proper adjustments were not made to keep the general ledger in accordance with GAAP.**

Criteria. Internal control of an entity should include reconciliation of accounts in the general ledger to supporting schedules and prior year audit. This allows management to make informed decisions regarding the operations of the entity.

Cause. Management has engaged a third-party accounting firm to provide bookkeeping services and GAAP financial statements, however, supporting schedules were not maintained or reconciled to the general ledger either by the third-party accounting firm or management. Inconsistencies in beginning balances, transaction coding and unnatural balances were not identified by the third-party accounting firm or management.

Effect. The accounting records are not being properly maintained and reconciled in order to provide adequate information to management.

Recommendation. We recommend that management increase oversight over the third-party accounting firm’s bookkeeping and perform regular monitoring and reconciliation of accounts in the general ledger to supporting schedules.

Management Response. Management will maintain supporting schedules and reconcile to the general ledger on a monthly basis. Any necessary adjustments will be communicated to the third-party accounting firm and posted to the general ledger. Management will also review the third-party's monthly financial reports and propose corrections to any incorrect transaction coding and unnatural balances. Management will conduct a final review of the monthly financials prior to finalization, ensuring all requested corrections have been made.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None