

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORTS  
JUNE 30, 2024 AND 2023

**PHILLIPS & ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

## HOUSE OF RUTH AND SUBSIDIARY

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# PHILLIPS & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
HOUSE OF RUTH  
Washington, DC

### ***Opinion***

We have audited the accompanying consolidated financial statements of The House of Ruth (a nonprofit organization), which comprise the consolidated statement 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of House of Ruth 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 House of Ruth 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 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 House of Ruth's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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, 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 House of Ruth'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 House of Ruth's ability to continue as a going concern for a reasonable period of time.

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

## ***Other Matters***

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 information 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 5, 2025 on our consideration of House of Ruth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the House of Ruth'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 House of Ruth's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Philip's + Associates, LLC". The signature is written in a cursive, flowing style.

Rockville, Maryland  
March 5, 2025

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents		
Cash and cash equivalents	\$ 4,650,122	\$ 3,295,561
Cash - restricted (NOTE 2)	-	1,961,136
Resident deposits - cash held on behalf of others (NOTE 2)	64,100	75,098
Total cash and cash equivalents	<u>4,714,222</u>	<u>5,331,795</u>
Receivables:		
Grants and contracts	1,277,648	891,228
Note receivable - Twain IF 334, LLC, net (NOTE 8)	4,804,610	4,804,610
Total receivables	<u>6,082,258</u>	<u>5,695,838</u>
Other assets:		
Prepaid expenses	202,634	123,909
Security deposits	43,216	51,130
Total other assets	<u>245,850</u>	<u>175,039</u>
Total current assets	<u>11,042,330</u>	<u>11,202,672</u>
NON-CURRENT ASSETS		
Property and equipment, net (NOTES 5)	16,555,679	16,484,571
Total non-current assets	<u>16,555,679</u>	<u>16,484,571</u>
TOTAL ASSETS	<u>\$ 27,598,009</u>	<u>\$ 27,687,243</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 647,620	\$ 713,992
Accrued annual leave	187,813	147,060
Residential deposits	64,100	75,098
Unearned revenue	59,682	60,042
Total current liabilities	<u>959,215</u>	<u>996,192</u>
NON-CURRENT LIABILITIES		
Notes payable - QLIC note A (NOTE 8)	4,804,610	4,804,610
Notes payable - QLIC note B (NOTE 8)	1,761,390	1,761,390
Notes payable - Reinvestment Fund, Inc. (NOTE 9)	-	100,000
Total non-current liabilities	<u>6,566,000</u>	<u>6,666,000</u>
TOTAL LIABILITIES	<u>7,525,215</u>	<u>7,662,192</u>
NET ASSETS		
Without donor restrictions	19,055,885	18,867,700
With donor restrictions	1,016,909	1,157,351
Total net assets	<u>20,072,794</u>	<u>20,025,051</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,598,009</u>	<u>\$ 27,687,243</u>

See auditors' report and accompanying notes to the consolidated financial statements.

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	2023
REVENUE AND SUPPORT				
Contributions	\$ 5,431,592	\$ -	\$ 5,431,592	\$ 5,313,831
Federal grants	2,815,999	-	2,815,999	2,613,775
Contracts	5,440,608	-	5,440,608	4,766,669
Affordable housing campaign	-	10,000	10,000	737,500
Kidspace campaign	172,800	-	172,800	224,975
Other revenue	760,299	-	760,299	803,629
TOTAL REVENUE AND SUPPORT	14,621,298	10,000	14,631,298	14,460,379
NET ASSETS RELEASED FROM RESTRICTIONS	150,442	(150,442)	-	-
TOTAL REVENUE AND RECLASSIFICATIONS	14,771,740	(140,442)	14,631,298	14,460,379
EXPENSES				
Program Services				
Housing and services for women	4,527,167	-	4,527,167	4,086,560
Housing and services for families	3,884,346	-	3,884,346	4,068,101
Community based services	4,238,626	-	4,238,626	4,344,095
Total program services	12,650,139	-	12,650,139	12,498,755
Supporting Services				
Management and general	1,069,752	-	1,069,752	812,236
Fundraising	863,664	-	863,664	869,571
Total supporting services	1,933,416	-	1,933,416	1,681,807
TOTAL EXPENSES	14,583,555	-	14,583,555	14,180,562
CHANGE IN NET ASSETS	188,185	(140,442)	47,743	279,817
NET ASSETS				
BEGINNING OF YEAR	18,867,700	1,157,351	20,025,051	19,745,234
END OF YEAR	\$ 19,055,885	\$ 1,016,909	\$ 20,072,794	\$ 20,025,051

See auditors' report and accompanying notes to the consolidated financial statements.

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	2024							
	Program Services				Supporting Services			
	Housing and Services for Women	Housing and Services for Families	Community Based Services	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	\$ 2,005,205	\$ 1,559,972	\$ 1,858,377	\$ 5,423,555	\$ 468,457	\$ 209,745	\$ 678,202	\$ 6,101,757
Payroll Taxes and Fringe Benefits	422,556	272,485	369,271	1,064,312	164,381	69,216	233,598	1,297,910
Other Client Costs	1,076,784	419,803	142,681	1,639,268	-	-	-	1,639,268
Rent	74,400	-	97,841	172,241	322,533	31,680	354,213	526,455
Contract Labor, Security and Cleaning	191,279	540,075	163,903	895,257	6,299	-	6,299	901,556
Fund Raising	-	-	-	-	-	529,493	529,493	529,493
Building Maintenance	163,674	458,098	83,044	704,816	3,259	-	3,259	708,074
Depreciation and Amortization	43,400	172,317	506,232	721,949	38,736	-	38,736	760,685
Utilities	86,656	99,971	82,058	268,685	5,289	-	5,289	273,975
Professional Fees	53,550	97,850	142,148	293,548	3,180	3,180	6,360	299,908
Clinical Specialists and Substitute Teachers	105,540	32,429	488,987	626,956	-	-	-	626,956
Food and Household Supplies	174,125	145,721	96,118	415,964	2,098	127	2,225	418,189
Staff Recruiting, Training, Awards, Meetings	8,218	10,816	16,430	35,464	4,106	4,106	8,212	43,675
Insurance	31,667	31,667	31,667	95,000	17,538	5,305	22,843	117,843
Interest and Bank Fees	28	-	78,450	78,478	1,000	161	1,161	79,639
Equipment and Furnishings	32,893	35,735	17,777	86,405	12,853	5,508	18,361	104,765
Office and Other Supplies	22,284	-	27,097	49,381	5,431	-	5,431	54,812
Equipment Rental and Maintenance	29,367	5,801	35,613	70,781	8,336	4,894	13,230	84,011
Software	5,542	1,367	33	6,941	586	249	835	7,776
Postage & Delivery	-	-	-	-	4,600	-	4,600	4,600
Taxes & Licenses	-	239	-	239	69	-	69	307
Dues and Subscriptions	-	-	900	900	-	-	-	900
Legal Settlement Cost, Penalties and Fines	-	-	-	-	1,000	-	1,000	1,000
Total Expenses	<u>\$ 4,527,167</u>	<u>\$ 3,884,346</u>	<u>\$ 4,238,626</u>	<u>\$ 12,650,139</u>	<u>\$ 1,069,752</u>	<u>\$ 863,664</u>	<u>\$ 1,933,416</u>	<u>\$ 14,583,555</u>

See auditors' report and accompanying notes to the consolidated financial statements.



HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	2023							
	Program Services				Supporting Services			
	Housing and Services for Women	Housing and Services for Families	Community Based Services	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	\$ 1,886,282	\$ 1,813,152	\$ 1,546,518	\$ 5,245,952	\$ 441,671	\$ 201,242	\$ 642,913	\$ 5,888,865
Payroll Taxes and Fringe Benefits	395,432	347,901	345,716	1,089,049	163,418	66,169	229,587	1,318,636
Other Client Costs	800,649	310,466	280,079	1,391,195	-	-	-	1,391,195
Rent	74,400	-	323,415	397,815	32,633	31,680	64,313	462,128
Contract Labor, Security and Cleaning	236,113	567,576	284,232	1,087,921	6,058	28,170	34,228	1,122,149
Fund Raising	-	-	-	-	-	510,491	510,491	510,491
Building Maintenance	120,366	345,682	152,380	618,428	2,722	1,037	3,759	622,188
Depreciation and Amortization	35,404	175,832	515,763	726,999	40,155	-	40,155	767,154
Utilities	42,569	108,958	122,713	274,240	4,166	-	4,166	278,406
Professional Fees	53,089	90,000	120,064	263,153	3,003	3,000	6,003	269,156
Clinical Specialists and Substitute Teachers	79,178	99,485	357,451	536,114	-	-	-	536,114
Food and Household Supplies	180,165	15,608	66,037	261,811	1,143	88	1,231	263,041
Staff Recruiting, Training, Awards, Meetings	26,592	23,686	36,090	86,369	15,265	7,854	23,120	109,488
Insurance	23,175	28,499	25,750	77,424	16,714	5,150	21,864	99,288
Interest and Bank Fees	-	-	77,598	77,598	501	103	604	78,202
Telephone	31,327	34,033	16,930	82,290	28,332	-	28,332	110,622
Equipment and Furnishings	29,890	69,362	22,310	121,562	9,585	-	9,585	131,147
Office and Other Supplies	26,936	23,999	33,005	83,941	4,004	-	4,004	87,945
Equipment Rental and Maintenance	5,122	-	65	5,187	2,105	1,938	4,043	9,230
Travel	33,575	7,695	11,249	52,519	2,112	359	2,471	54,990
Software	4,626	4,461	4,956	14,043	2,478	-	2,478	16,521
Postage & Delivery	15	-	-	15	342	2,214	2,557	2,572
Taxes & Licenses	-	-	-	-	-	75	75	75
Dues and Subscriptions	1,655	1,705	1,773	5,133	827	-	827	5,960
Miscellaneous	-	-	-	-	35,000	10,000	45,000	45,000
Total Expenses	<u>\$ 4,086,560</u>	<u>\$ 4,068,101</u>	<u>\$ 4,344,095</u>	<u>\$ 12,498,755</u>	<u>\$ 812,236</u>	<u>\$ 869,571</u>	<u>\$ 1,681,807</u>	<u>\$ 14,180,562</u>

See auditors' report and accompanying notes to the consolidated financial statements.

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in operating net assets	\$ 47,743	\$ 279,817
Adjustments to reconcile change in operating net assets to net cash provided by operating activities:		
Depreciation	760,685	767,154
(Increase) decrease in assets:		
Grants and contracts receivable	(386,420)	944,119
Prepaid expenses	(78,725)	(21,749)
Security deposits	7,914	14,762
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(66,372)	(2,047)
Accrued annual leave	40,753	(12,403)
Resident deposits	(10,998)	(2,657)
Unearned revenue	(360)	60,042
Net Cash Provided By Operating Activities	<u>314,220</u>	<u>2,027,038</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(831,793)</u>	<u>(1,329,664)</u>
Net Cash (Used For) Investing Activities	<u>(831,793)</u>	<u>(1,329,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments notes payable - Reinvestment Fund, Inc.	<u>(100,000)</u>	<u>(100,000)</u>
Net Cash (Used For) Financing Activities	<u>(100,000)</u>	<u>(100,000)</u>
NET (DECREASE) INCREASE IN CASH	(617,573)	597,374
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>5,331,795</u>	<u>4,734,421</u>
End of year	<u>\$ 4,714,222</u>	<u>\$ 5,331,795</u>

See auditors' report and accompanying notes to the financial statements.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**1. ORGANIZATION AND PURPOSE**

The HOUSE OF RUTH (the Organization) is organized exclusively for charitable purposes and, more specifically, to provide emergency shelter, transitional and permanent housing, and child development and support services for women and their children who are homeless and/or abused.

The House of Ruth works toward achieving its mission through the following program areas:

*Housing and Services for Women*

There are seven housing programs that focus on helping the women build the capabilities and skills to cope in a healthy way, managing their mental illness and avoiding addiction. The Organization engages these women, helps them connect to other resources in the community and encourages them to participate in more extensive services.

*Housing and Services for Families*

There are six housing programs that focus on helping the families. The families receive many services organized to meet the needs of each family member. The mothers pursue an active schedule of recovery work, positive child-rearing and learning skills of living independently. The children attend school or day care and receive extensive counseling and mentoring.

*Community-Based Services*

The House of Ruth has a Child and Family Development Center for the children living at House of Ruth residences and homeless children living in the community. The children receive the specialized help they need to overcome developmental delays and enter school ready to learn. The Domestic Violence Support Center provides outreach and counseling to survivors of domestic violence.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

***Principles of Consolidation***

The consolidated financial statements include the accounts of The House of Ruth, and Kidspace, Inc. All material inter-company transactions and accounts have been eliminated.

Except when referred to separately, all entities are collectively referred to as "The House of Ruth" throughout the accompanying consolidated financial statements and related notes.

***Cash and Cash Equivalents***

For consolidated financial statement purposes, the Organization considers cash and cash equivalents to include cash in banks and liquid investments with an original maturity of three months or less.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Restricted Cash***

THOR has restricted cash that is available for immediate use. Restricted cash includes amounts in a cash account restricted to be spent on a capital construction campaign. As of June 30, 2024 and 2023, the balance of restricted cash was \$0 and \$1,961,136, respectively.

***Resident Deposits***

The Organization maintains a separate cash account held on behalf of the residents in the amount of \$64,100 and \$75,098 at June 30, 2024 and 2023, respectively. These funds are exclusively for the residents and are not available to pay the Organization's expenses. Funds will be maintained by the Organization until the residents withdraw their deposits upon departure from the programs.

***Grants and Contracts Receivable***

Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. Write-off of accounts receivable occurs when all collection efforts have been exhausted or certain conditions or forgiveness have been reached. All receivables are deemed collectible by management at June 30, 2024 and 2023.

***Property and Equipment***

Acquisitions of property and equipment with a cost greater than \$2,000 are capitalized and depreciated on the straight-line basis over the estimated useful life of the related assets (three to forty years). Leasehold improvements are amortized on a straight-line basis over the shorter of remaining life of the lease or estimated useful life.

***Net Assets***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed restrictions.

*With donor restrictions* – Net assets subject to donor-imposed restrictions that expire through the passage of time or can be removed by actions pursuant to those restrictions. Other donor-imposed restrictions may be perpetual in nature.

***Estimates***

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

***Revenue Recognition***

***Contributions***

The Organization records revenue received as unrestricted or restricted depending on the existence and/or nature of any donor restrictions. Restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purpose and are then reported in the statements of activities as net assets released from restrictions. However, the Organization recognizes restricted revenue whose restrictions are satisfied in the same reporting period as unrestricted revenue.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Government Grants and Cooperative Agreements*

Government grants and cooperative agreements are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or agreement, are made. Funds received but not earned are shown as deferred revenue. Expenditures under government grants and agreements are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants and agreements, the Organization will record such disallowance at the time the final assessment is made.

*In-Kind Contributions*

Donated facilities, securities, goods and services are recorded at fair market value at the date of donation. Donated services are recognized in the consolidated financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. During the year ended June 30, 2024, the Organization received donated security contributions. The Organization received the services of volunteers, and the fair value of these services is not recognized in the accompanying consolidated financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

*Functional Allocation of Expenses*

The Organization's expenses have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Tax Status*

The Organization is exempt from the payment of Federal income taxes on their exempt activities under 501(c)(3) of the Internal Revenue Code and has been designated by the Internal Revenue Service as "publicly supported" organization under Section 509(a) of the Code. The Organization adopted the provisions of FASB ASC 740, Accounting for Uncertainty in Income Taxes, which requires that a tax position be recognized on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of FASB ASC 740 had no impact on the Organization's audited consolidated financial statements. The Organization does not believe their consolidated financial statements include (or reflect) any uncertain tax positions. However, fiscal years 2018 and later remain subject to examination by the IRS and state authorities.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**3. LIQUIDITY AND AVAILABILITY**

As of June 30, 2024 and 2023, the House of Ruth's liquidity and financial resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,650,122	\$ 3,295,561
Receivables	<u>1,274,129</u>	<u>891,228</u>
Total financial assets	<u>\$ 5,988,351</u>	<u>\$ 4,186,789</u>
Less: net assets with restrictions not available (within one year)	<u>(1,167,351)</u>	<u>(1,790,596)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 4,821,000</u>	<u>\$ 2,396,193</u>

**4. CONCENTRATION OF CREDIT RISK**

Financial instruments, which subject the Organization to concentrations of credit risk, consist of demand deposit and savings accounts with a financial institution. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to \$250,000 by FDIC. At June 30, 2024, uninsured balances were \$4,088,299 and \$2,980,757, respectively.

The Organization held investments during the year and these investments, from time to time, exceed insurable limits under Securities Investor Protection Corporation (SIPC) As of June 30, 2024 and 2023, cash or cash equivalent balances exceeded SIPC insured limits by \$0 and \$1,461,136.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 12,814,454	\$ 12,616,380
Building Kidspace	7,537,118	7,537,118
Land	1,035,730	1,035,730
Leasehold improvements	163,022	163,022
Household and office equipment	518,073	518,073
Software	65,395	65,395
Construction in progress	1,266,964	633,245
Vehicles	<u>31,900</u>	<u>31,900</u>
Total property and equipment	23,432,656	22,600,863
Accumulated depreciation/amortization	<u>(6,876,977)</u>	<u>(6,116,292)</u>
Total property and equipment, net	<u>\$ 16,555,679</u>	<u>\$ 16,484,571</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$760,685 and \$767,154, respectively.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**6. COMMITMENTS**

The Organization leases offices and equipment in various locations around the District of Columbia under both non-cancelable operating leases with terms in excess of one year and cancelable operating leases. Rental expense related to these leases totaled \$1,428,704 and \$1,112,079, for the years ended June 30, 2024 and 2023, respectively. In addition, The House of Ruth leases property to a related entity "Kidspace, Inc." The commencement date was January 1, 2020 and ending on December 31, 2048.

Under accounting principles generally accepted in the United States of America, The House of Ruth has adopted new accounting standard (Topic 842), ASU 2016-02 which requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. The House of Ruth, in adopting this accounting policy, recognizes lease expense over the term of the lease, generally using the straight-line method.

Future minimum lease payments for all operating leases are as follows:

Year Ending June 30,

2025	\$ 91,056
2026	207,748
2027	330,417
2028	346,000
2029	346,000
Thereafter	<u>6,747,000</u>
Total	<u>\$ 8,068,221</u>

**7. RETIREMENT PLAN**

The Organization maintains a non-contributory Simplified Employee Pension plan. Individual retirement accounts have been established whereby eligible employees open individual retirement accounts and select the investment vehicles. Eligible employees are those at least 21 years of age who have completed at least three years of service. The Organization contributed six percent of each participant's compensation for fiscal years 2024 and 2023. Contributions to the Plan for the years ended June 30, 2024 and 2023 were \$123,754 and \$155,602, respectively.

HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**8. NEW MARKETS TAX CREDIT FINANCING**

In December 2018, the Organization entered into a debt transaction to access additional funds through the New Markets Tax Credit (NMTC) Program. These funds were used towards the construction of a childcare facility. The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICIs) to Qualified Active Low-Income Community Businesses (QALICB), as defined by Section 45D of the Internal Revenue Code. The tax credits are claimed over a seven year period and equate to 39% of the QEI.

To facilitate the NMTC transaction, the Organization created a special purpose entity called Kidspace Inc. (Kidspace), a designated QALICB, as the entity to receive NMTC incentivized financing. The Organization made an initial equity investment in Kidspace in the amount of \$884,720.

The Organization made a \$4,804,610 leverage loan to Twain Investment Fund 334, LLC (TIF 334, LLC). TIF 334, LLC used these proceeds, along with an additional \$1,761,390 of raised capital, to make a \$6,566,000 QEI in City First Capital 55, LLC, a CDE. City First Capital 55, LLC then loaned these funds to Kidspace in the form of two notes.

The first note payable (QLICI Loan A) has a balance of \$4,804,610 as of June 30, 2024 and bears interest at 1.186% per annum. The note matures on December 31, 2048. The note requires quarterly interest only payments through December 21, 2025 at which time the note requires quarterly payments of principal and interest through the term of the note.

The second note payable (QLICI Loan B) has a balance of \$1,761,390 as of June 30, 2024 and bears interest at 1.186% per annum. The note matures on December 31, 2048. The note requires quarterly interest only payments through December 21, 2025 at which time the note requires quarterly payments of principal and interest through the term of the note.

Other assets and long-term liabilities related to the NMTC financing reflected on the consolidated statements of financial position as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Other Assets:		
Note Receivable – Twain IF 334, LLC	\$ <u>4,804,610</u>	\$ <u>4,804,610</u>
Total Other Assets	\$ <u>4,804,610</u>	\$ <u>4,804,610</u>

Interest income earned from the loan receivable with TIF 334, LLC related to the NMTC financing for the years ended June 30, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Interest Income	\$ <u>48,046</u>	\$ <u>48,046</u>



HOUSE OF RUTH AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2024 AND 2023

**8. NEW MARKETS TAX CREDIT FINANCING (CONTINUED)**

Long-term liabilities:

Note Payable – QLICI Note A	\$ 4,804,610	\$ 4,804,610
Note Payable – QLICI Note B	<u>1,761,390</u>	<u>1,761,390</u>

Total Long-Term Liabilities	<u>\$ 6,566,000</u>	<u>\$ 6,566,000</u>
-----------------------------	---------------------	---------------------

Interest expense related to this note for the years ended June 30, 2024 and 2023 was \$77,873 and \$77,873, respectively.

**9. NOTES PAYABLE**

On December 19, 2018, the Organization received an interest-free loan from the Reinvestment Fund, Inc. in the amount of \$500,000. The loan is to fund the development of the new childcare facility in Washington, DC (Ward 7). The Organization must repay the Foundation any portion of the loan amount that is used other than the designated purpose. The entire loan amount shall be forgiven on or before December 31, 2023 through written notice from the Foundation if certain conditions are met. The conditions were met as of December 31, 2023 and the loan was forgiven in it's entirety on this date.

Long-term liabilities:

	<u>2024</u>	<u>2023</u>
Note Payable – Reinvestment Fund, Inc.	<u>\$ -</u>	<u>\$ 100,000</u>

**10. SUBSEQUENT EVENTS**

In accordance with FASB ASC 855, the Organization evaluated subsequent events through March 5, 2025, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

	ASSETS				2023
	HOUSE OF RUTH	KIDSPACE INC.	ELIMINATIONS	TOTAL	
CURRENT ASSETS					
Cash and cash equivalents					
Cash and cash equivalents	\$ 4,650,122	\$ -	\$ -	\$ 4,650,122	\$ 3,295,561
Cash - restricted (NOTE 2)	-	-	-	-	1,961,136
Resident deposits - cash held on behalf of others (NOTE 2)	64,100	-	-	64,100	75,098
Total cash and cash equivalents	<u>4,714,222</u>	<u>-</u>	<u>-</u>	<u>4,714,222</u>	<u>5,331,795</u>
Receivables:					
Grants and contracts	1,277,648	-	-	1,277,648	891,228
Note receivable - Twain IF 334, net (NOTE 8)	4,804,610	-	-	4,804,610	4,804,610
Total receivables	<u>6,082,258</u>	<u>-</u>	<u>-</u>	<u>6,082,258</u>	<u>5,695,838</u>
Other assets:					
Prepaid expenses	202,634	-	-	202,634	123,909
Security deposits	43,216	-	-	43,216	51,130
Deferred rent receivables	-	942,315	(942,315)	-	-
Operating lease right of-use assets, related party (NOTE 6)	-	7,125,906	(7,125,906)	-	-
Total other assets	<u>245,850</u>	<u>8,068,221</u>	<u>(8,068,221)</u>	<u>245,850</u>	<u>175,039</u>
Total current assets	<u>11,042,330</u>	<u>8,068,221</u>	<u>(8,068,221)</u>	<u>11,042,330</u>	<u>11,202,672</u>
NON-CURRENT ASSETS					
Property and equipment, net (NOTES 5)	9,018,561	7,537,118	-	16,555,679	16,484,571
Investment in Kidspace (NOTES 8)	884,720	-	(884,720)	-	-
Total non-current assets	<u>9,903,281</u>	<u>7,537,118</u>	<u>(884,720)</u>	<u>16,555,679</u>	<u>16,484,571</u>
TOTAL ASSETS	<u>\$ 20,945,611</u>	<u>\$ 15,605,339</u>	<u>\$ (8,952,941)</u>	<u>\$ 27,598,009</u>	<u>\$ 27,687,243</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	\$ 647,620	\$ -	\$ -	\$ 647,620	\$ 713,992
Accrued annual leave	187,813	-	-	187,813	147,060
Residential deposits	64,100	-	-	64,100	75,098
Unearned revenue	59,682	-	-	59,682	60,042
Operating lease liability, related party (NOTE 6)	91,056	-	(91,056)	-	-
Total current liabilities	<u>1,050,271</u>	<u>-</u>	<u>(91,056)</u>	<u>959,215</u>	<u>996,192</u>
NON-CURRENT LIABILITIES					
Notes payable - QLICI note A (NOTE 8)	-	4,804,610	-	4,804,610	4,804,610
Notes payable - QLICI note B (NOTE 8)	-	1,761,390	-	1,761,390	1,761,390
Notes payable - Reinvestment Fund, Inc. (NOTE 9)	-	-	-	-	100,000
Operating lease liability, related party (NOTE 6)	7,977,165	-	(7,977,165)	-	-
Total non-current liabilities	<u>7,977,165</u>	<u>6,566,000</u>	<u>(7,977,165)</u>	<u>6,566,000</u>	<u>6,666,000</u>
TOTAL LIABILITIES	<u>9,027,436</u>	<u>6,566,000</u>	<u>(8,068,221)</u>	<u>7,525,215</u>	<u>7,662,192</u>
NET ASSETS					
Without donor restrictions	12,267,699	7,672,906	(884,720)	19,055,885	18,867,700
With donor restrictions	(419,503)	1,436,412	-	1,016,909	1,157,351
Total net assets	<u>11,848,196</u>	<u>9,109,318</u>	<u>(884,720)</u>	<u>20,072,794</u>	<u>20,025,051</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,875,632</u>	<u>\$ 15,675,318</u>	<u>\$ (8,952,941)</u>	<u>\$ 27,598,009</u>	<u>\$ 27,687,243</u>

HOUSE OF RUTH AND SUBSIDIARY  
CONSOLIDATED SCHEDULE OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024										
	HOUSE OF RUTH			KIDSPACE INC.			ELIMINATIONS	TOTAL			2023
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	
REVENUE AND SUPPORT											
Contributions	\$ 5,431,592	\$ -	\$ 5,431,592	\$ -	\$ -	\$ -	\$ -	\$ 5,431,592	\$ -	\$ 5,431,592	\$ 5,313,831
Federal grants	2,815,999	-	2,815,999	-	-	-	-	2,815,999	-	2,815,999	2,613,775
Contracts	5,440,608	-	5,440,608	-	-	-	-	5,440,608	-	5,440,608	4,766,669
Affordable housing campaign	-	10,000	10,000	-	-	-	-	-	10,000	10,000	737,500
Kidspace campaign	172,800	290,853	463,653	-	-	-	(290,853)	172,800	-	172,800	224,975
Other revenue	760,299	-	760,299	-	-	-	-	760,299	-	760,299	803,629
TOTAL REVENUE AND SUPPORT	14,621,298	300,853	14,922,151	-	-	-	(290,853)	14,621,298	10,000	14,631,298	14,460,379
NET ASSETS RELEASED FROM RESTRICTIONS	150,442	(150,442)	-	-	-	-	-	150,442	(150,442)	-	-
TOTAL REVENUE AND RECLASSIFICATIONS	14,771,740	150,411	14,922,151	-	-	-	(290,853)	14,771,740	(140,442)	14,631,298	14,460,379
EXPENSES											
Program Services											
Housing and services for women	4,527,167	-	4,527,167	-	-	-	-	4,527,167	-	4,527,167	4,086,560
Housing and services for families	3,884,346	-	3,884,346	-	-	-	-	3,884,346	-	3,884,346	4,068,101
Community based services	4,238,626	-	4,238,626	-	290,853	290,853	(290,853)	4,238,626	-	4,238,626	4,344,095
Total program services	12,650,139	-	12,650,139	-	290,853	290,853	(290,853)	12,650,139	-	12,650,139	12,498,755
Supporting Services											
Management and general	1,069,752	-	1,069,752	-	-	-	-	1,069,752	-	1,069,752	812,236
Fundraising	863,664	-	863,664	-	-	-	-	863,664	-	863,664	869,571
Total supporting services	1,933,416	-	1,933,416	-	-	-	-	1,933,416	-	1,933,416	1,681,807
TOTAL EXPENSES	14,583,555	-	14,583,555	-	290,853	290,853	(290,853)	14,583,555	-	14,583,555	14,180,562
NET OPERATING SURPLUS	188,185	150,411	338,596	-	(290,853)	(290,853)	-	188,185	(140,442)	47,743	279,817
CHANGE IN NET ASSETS	188,185	150,411	338,596	-	(290,853)	(290,853)	-	188,185	(140,442)	47,743	279,817
NET ASSETS											
BEGINNING OF YEAR	18,762,998	(569,914)	18,193,084	104,702	1,727,265	1,831,967	-	18,867,700	1,157,351	20,025,051	19,745,234
END OF YEAR	\$ 18,951,183	\$ (419,503)	\$ 18,531,680	\$ 104,702	\$ 1,436,412	\$ 1,541,114	\$ (290,853)	\$ 19,055,885	\$ 1,016,909	\$ 20,072,794	\$ 20,025,051

# PHILLIPS & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' 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

The Board of Directors  
HOUSE OF RUTH  
Washington, DC

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 House of Ruth (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities 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 5, 2025.

### ***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered House of Ruth's internal control over financial reporting (internal control) as a basis for designing the audit 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 House of Ruth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

INDEPENDENT AUDITORS' 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 (CONTINUED)

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in blue ink that reads "Philip's & Associates, LLC". The signature is written in a cursive, flowing style.

Rockville, Maryland  
March 5, 2025

# PHILLIPS & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Directors  
HOUSE OF RUTH  
Washington, DC

### ***Report on Compliance for Each Major Federal Program***

#### ***Opinion on Each Major Federal Program***

We have audited House of Ruth's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of House of Ruth's major federal programs for the year ended June 30, 2024. House of Ruth's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, House of Ruth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of House of Ruth 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 House of Ruth's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE (CONTINUED)

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

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE (CONTINUED)

***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.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the consolidated financial statements of House of Ruth as of and for the year ended June 30, 2024, and have issued our report thereon dated March 5, 2025, which contained an unmodified opinion on those consolidated financial statements. 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 is presented for purposes of additional analysis as required by the 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.

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.



Rockville, Maryland  
March 5, 2025



HOUSE OF RUTH AND SUBSIDIARY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

<u>Federal Grantor/Program Title:</u>	<u>Federal ALN Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
United States Department of Housing and Urban Development:			
Supportive Housing Program	14.235	DC0093L3G002105	\$ 59,602
Supportive Housing Program	14.235	DC0097L3G002206	<u>298,049</u>
			<u>358,011</u>
United States Department of Housing and Urban Development passed through The Community Partnership for the Prevention of Homelessness:			
Supportive Housing Program	14.235	DC0024L3G002115	124,002
Supportive Housing Program	14.235	DC0024L3G002316	73,917
Supportive Housing Program	14.235	DC0104L3G002103	177,035
Supportive Housing Program	14.235	DC0104L3G002204	278,987
Supportive Housing Program	14.235	DC0097L3G002104	153,726
Supportive Housing Program	14.235	DC0097L3G002205	415,038
Supportive Housing Program	14.235	DC0114L3G002000	<u>13,333</u>
			<u>1,236,038</u>
Total U.S. Department of Housing and Urban Development			<u>1,594,049</u>
United States Department of Health and Human Services Passed through D.C. Department of Human Services:			
Family Violence Prevention Services	93.671	JA-FSA-0733-2-19	202,745
Family Violence Prevention Services	93.671	JA-FSA-0733-2-19	527,909
Family Violence Prevention Services	93.671	JA-FSA-0733-1-22	4,481
Family Violence Prevention Services	93.671	JA-FSA-0733-1-22	28,080
Family Violence Prevention Services	93.671	JA-FSA-0733-4-19	19,921
Family Violence Prevention Services	93.671	JA-FSA-0733-4-19	<u>237,500</u>
			<u>1,020,636</u>
United States Department of Agriculture passed through DC Public Schools:			
Child and Adult Care Food Program	10.558	V-126	<u>55,617</u>
United States Department of Justice passed through:			
Women's Integrated Re-Entry Program	16.738	FY23-BMA22F-1001	36,107
Women's Integrated Re-Entry Program	16.738	FY24-BMA21-1001	<u>109,590</u>
			<u>145,697</u>
Total Federal Expenditures			<u>\$ 2,815,999</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the activity of HOUSE OF RUTH presented on GAAP. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. There were no non-cash assistance recorded, no federal insurance noted, and no loans or loan guarantees outstanding during the audit year.

NOTE 2 – INDIRECT COST RATE

The House of Ruth has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

HOUSE OF RUTH AND SUBSIDIARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITORS' RESULTS

*Financial Statements*

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

*Federal Awards*

Internal control over major programs:		
Material weaknesses identified	<u>    </u> yes	<u>  X  </u> no
Significant deficiencies identified that are not considered to be material weaknesses	<u>    </u> yes	<u>  X  </u> none reported

Type of auditors' report issued on compliance for major programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u>    </u> yes	<u>  X  </u> no
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Identification of major programs:

<u>Federal ALN Number</u>	<u>Name of Federal Program or Cluster</u>
14.235	U.S. Department of Housing and Urban Development Supportive Housing Program

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> yes	<u>    </u> no
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FINDINGS RELATED TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS – NONE NOTED.

FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS – NONE NOTED.

SUMMARY SCHEDULE OF PRIOR FINDINGS – NONE NOTED.