

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021



CARNEY, ROY AND GERROL, P.C.
Certified Public Accountants

HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hartford Interval House, Inc.
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hartford Interval House, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hartford Interval House, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Hartford Interval House, Inc.'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 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.

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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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Hartford Interval House, Inc.'s June 30, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance and schedule of expenditures of federal awards, as required by the State Single Audit Act (C.G.S. Sections 4-230 to 4-236) and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, respectively, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2021, on our consideration of Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'s internal control over financial reporting and compliance.

Carnegie, Roy and Gould, P.C.

Rocky Hill, Connecticut
November 15, 2022

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 791,552	\$ 122,905
Grants receivable	295,616	635,003
Investments, at market value	2,264,070	2,556,625
Prepaid expenses	<u>49,926</u>	<u>35,462</u>
Total current assets	<u>3,401,164</u>	<u>3,349,995</u>
PROPERTY AND EQUIPMENT		
Property and equipment	1,973,982	2,130,004
Less: accumulated depreciation	<u>(1,153,821)</u>	<u>(1,271,205)</u>
Property and equipment, net	<u>820,161</u>	<u>858,799</u>
TOTAL ASSETS	<u>\$ 4,221,325</u>	<u>\$ 4,208,794</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 58,155	\$ 103,517
Accrued payroll and payroll taxes	128,534	173,303
Refundable advances	<u>68,824</u>	<u>19,861</u>
Total current liabilities	<u>255,513</u>	<u>296,681</u>
Total liabilities	<u>255,513</u>	<u>296,681</u>
NET ASSETS		
Undesignated	1,989,072	1,796,768
Board-designated endowment - The Widows' Society Fund	<u>1,544,046</u>	<u>1,663,573</u>
Without donor restrictions	3,533,118	3,460,341
With donor restrictions	<u>432,694</u>	<u>451,772</u>
Total net assets	<u>3,965,812</u>	<u>3,912,113</u>
	<u>\$ 4,221,325</u>	<u>\$ 4,208,794</u>

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

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
SUPPORT				
Contributions	\$ 408,348	\$ -	\$ 408,348	\$ 363,412
Contributions - endowment	145,000	-	145,000	1,560,000
Grants, governmental	1,990,474	-	1,990,474	2,215,124
Grants, private and public	367,368	10,000	377,368	601,244
Special events, net of cost	230,640	-	230,640	163,045
In kind donations	3,464	-	3,464	2,774
REVENUE				
Investment income (loss)	(271,747)	-	(271,747)	303,430
Other income	-	-	-	14,030
Gain on sale of assets	9,500	-	9,500	-
Net assets released from restrictions:				
Satisfaction of program restrictions	29,078	(29,078)	-	-
Total support and revenue	2,912,125	(19,078)	2,893,047	5,223,059
EXPENSES				
Program services:				
Shelter	1,159,774	-	1,159,774	1,293,514
Outreach programs	1,203,856	-	1,203,856	1,265,097
Children's	39,452	-	39,452	61,190
Volunteer/community education	46,215	-	46,215	92,826
Satellite programs	104,539	-	104,539	117,321
Supporting services:				
Management and general	91,926	-	91,926	117,197
Fundraising	193,586	-	193,586	137,477
Total expenses	2,839,348	-	2,839,348	3,084,622
CHANGE IN NET ASSETS	72,777	(19,078)	53,699	2,138,437
NET ASSETS, BEGINNING OF YEAR	3,460,341	451,772	3,912,113	1,773,676
NET ASSETS, END OF YEAR	\$ 3,533,118	\$ 432,694	\$3,965,812	\$ 3,912,113

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

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

Program Services

	<u>Shelter</u>	<u>Outreach Programs</u>	<u>Children's</u>	<u>Volunteers/ Comm. Educ.</u>	<u>Satellite Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
SALARIES AND RELATED EXPENSES									
Salaries	\$ 434,834	\$ 792,502	\$ 24,228	\$ 25,625	\$ 64,480	\$ 39,466	\$ 93,523	\$ 1,474,658	\$ 1,614,510
Payroll Taxes	28,554	74,066	2,717	2,059	5,369	3,404	7,617	123,786	126,753
Employee Benefits	45,595	83,887	2,460	2,923	7,761	4,290	11,586	158,502	175,076
Total Salaries and Related Expenses	508,983	950,455	29,405	30,607	77,610	47,160	112,726	1,756,946	1,916,339
OTHER EXPENSES									
Rent	-	11,337	-	-	10,200	10	-	21,547	20,744
Depreciation	23,560	39,309	1,541	3,191	2,644	2,200	4,624	77,069	77,578
Outside Services	25,078	33,539	1,432	2,970	2,498	12,818	4,395	82,730	75,086
Assistance to Individuals	116,081	35,880	-	-	1,260	-	-	153,221	135,614
Assistance to Individuals - Hotel	322,797	-	-	-	-	-	-	322,797	529,089
Other Occupancy Costs	46,634	6,711	177	311	1,285	490	403	56,011	44,091
Telephone	11,398	15,893	733	1,526	3,336	1,029	2,236	36,151	30,393
Supplies	11,662	5,411	394	921	751	2,882	2,323	24,344	20,967
Insurance	19,427	32,862	1,427	2,289	2,568	6,154	4,444	69,171	51,248
Repairs and Maintenance	46,358	63,324	1,255	4,148	2,154	11,359	5,043	133,641	105,052
Postage	684	417	47	98	83	937	146	2,412	3,963
Food	19,024	1,811	-	-	-	71	-	20,906	17,736
Travel and Conferences	2,082	-	-	21	-	485	-	2,588	2,199
Fundraising Expenses	-	-	-	-	-	-	50,052	50,052	16,902
Dues and Subscriptions	1,759	1,977	33	69	97	1,496	3,001	8,432	10,619
Bad Debt	-	-	-	-	-	-	-	-	5,768
Miscellaneous	4,247	4,930	3,008	64	53	4,835	4,193	21,330	21,234
Total Other Expenses	650,791	253,401	10,047	15,608	26,929	44,766	80,860	1,082,402	1,168,283
Total Expenses	\$ 1,159,774	\$ 1,203,856	\$ 39,452	\$ 46,215	\$ 104,539	\$ 91,926	\$ 193,586	\$ 2,839,348	\$ 3,084,622

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

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022, WITH COMPARATIVE TOTALS FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,699	\$ 2,138,437
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,069	77,578
Realized and unrealized loss (gain) on investments	365,296	(275,135)
Gain on sale of assets	(9,500)	-
Forgiveness of PPP loan net of interest expenses of \$885	-	(144,548)
Changes in operating assets and liabilities:		
Grants and other receivables	339,387	(449,290)
Prepaid expenses and other assets	(14,464)	(1,043)
Accounts payable	(45,362)	18,441
Accrued payroll and payroll taxes	(44,769)	45,100
Refundable advances	48,963	16,058
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>770,319</u>	<u>1,425,598</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(38,431)	(65,873)
Proceeds from sale of assets - property and equipment	9,500	-
Proceeds from investments	343,658	73,457
Purchase of investments	(416,399)	(1,557,085)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(101,672)</u>	<u>(1,549,501)</u>
NET INCREASE (DECREASE) IN CASH	668,647	(123,903)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>122,905</u>	<u>246,808</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 791,552</u>	<u>\$ 122,905</u>

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

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 1 - NATURE OF THE ORGANIZATION

Hartford Interval House, Inc. (the Organization), was incorporated in the State of Connecticut on February 3, 1977, as a non-profit organization organized to provide support services to victims of domestic violence and emergency shelter for victims and their children in the greater Hartford area. In addition, the Organization operates a satellite office in Manchester, Connecticut, which provides similar services to victims of domestic violence.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies of the Organization are described below:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of Hartford Interval House, Inc. and its subsidiary, Alice K's, LLC. All material inter-organization transactions have been eliminated.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using a reasonable basis, such as employee time usage data, that is consistently applied.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants from the State of Connecticut and federal government, including pass-through funding, are accounted for on the accrual basis. These grants typically take the form of contributions that are conditional on incurring eligible costs in accordance with the grant agreement. Grant revenue is recognized as costs are incurred. Receivables are recognized to the extent costs have been incurred, but not reimbursed. Conversely, a liability is recorded when grant advances exceed eligible costs (refundable advances). The balances in refundable advances at June 30, 2022 and 2021 represent amounts received under various grants that will be expended in the next respective fiscal year in accordance with the grants.

Donations – Food and Clothing, Volunteers

Food and clothing and other non-cash items are donated by individuals, corporations, foundations, churches and other public and private organizations. These items pass through the Organization to its charitable beneficiaries and are not recorded as contributions in the financial statements. For the years ended June 30, 2022 and 2021, \$3,464 and \$2,774, respectively, has been recognized as revenue in the financial statements for donated services relating to legal services provided. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its program services.

Investments

Investments are carried at current market values. Net realized and unrealized gains or losses for the year are reflected in the “Investment income” line in the statement of activities. Investment income is reported net of investment fees and similar investment expenses.

Tax Exempt Status

The Organization was organized as a non-stock, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and as such is not subject to federal and state corporate income taxes. The Organization qualifies for the charitable contribution deduction under 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the FASB Accounting Standards Codification. The Organization files a federal income tax return, which represents the major tax jurisdiction of the Organization. The statutes of limitations for federal tax years ending June 30, 2019, through June 30, 2022, remain open for audit under the various statutes of limitations.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Summarized Financial Information for Fiscal Year 2021

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the June 30, 2021, financial statements from which the summarized information was derived.

Equipment - Depreciation

Property and equipment consist of land, a building, building improvements, equipment, and an automobile. Depreciation is provided on a straight-line basis over the estimated useful lives, which range from 3 to 40 years.

Donated items are recorded as support and property and equipment at their fair market value when received by the Organization. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment with explicit continuing restrictions are reported as increases in net assets with donor restrictions. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated property and equipment. In the absence of explicit donor stipulations, the placed-in-service approach is used for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset.

All other assets are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 3 - INVESTMENTS

Investments are stated at market values and consist of the following at June 30, 2022:

	Cost <u>Basis</u>	Quoted Prices In Active Markets for Identical <u>Assets (Level 1)</u>	Unrealized Holding <u>Gain</u>	Unrealized Holding <u>Loss</u>
Equities:				
Closed end funds & exchange traded products	\$ 509,659	\$ 533,407	\$ 23,748	\$ -
Mutual funds	486,301	463,092	-	(23,209)
Common stock	818	4,294	3,476	-
Fixed income:				
Closed end funds & exchange traded products	24,990	21,636	-	(3,354)
Mutual funds	1,010,402	928,032	-	(82,370)
Non-traditional:				
Mutual funds	<u>289,990</u>	<u>313,609</u>	<u>23,619</u>	<u>-</u>
	<u>\$ 2,322,160</u>	<u>\$ 2,264,070</u>	<u>\$ 50,843</u>	<u>\$ (108,933)</u>

Investments are stated at market values and consist of the following at June 30, 2021:

	Cost <u>Basis</u>	Quoted Prices In Active Markets for Identical <u>Assets (Level 1)</u>	Unrealized Holding <u>Gain</u>	Unrealized Holding <u>Loss</u>
Equities:				
Closed end funds & exchange traded products	\$ 470,045	\$ 579,612	\$ 109,567	\$ -
Mutual funds	646,953	767,111	120,158	-
Common stock	5,198	5,198	-	-
Fixed income:				
Mutual funds	950,206	958,064	7,858	-
Non-traditional:				
Mutual funds	<u>227,463</u>	<u>246,640</u>	<u>19,177</u>	<u>-</u>
	<u>\$ 2,299,865</u>	<u>\$ 2,556,625</u>	<u>\$ 256,760</u>	<u>\$ -</u>

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 4 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification* (“ASC”) 820, *Fair Value Measurements*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access;
- Level 2 Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability;
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Mutual Funds: Valued at the net asset value (“NAV”) of shares held by the Organization at year end.

Common Stock: Valued at the closing price reported on the exchange in which the security is actively traded.

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

All investments are considered to be Level 1.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 303,784	\$ 303,784
Building	208,386	208,386
Building improvements	1,276,672	1,293,177
Equipment, furniture and fixtures	185,140	302,657
Automobile	<u>-</u>	<u>22,000</u>
Subtotal	1,973,982	2,130,004
Less: Accumulated depreciation	<u>(1,153,821)</u>	<u>(1,271,205)</u>
Property and equipment, net	<u>\$ 820,161</u>	<u>\$ 858,799</u>

The building, land, and some equipment held by the Organization comprise a portion of net assets with donor restrictions. See Note 8 for detail relating to these restricted assets.

NOTE 6 - EMPLOYEE RETIREMENT PLANS

The Organization maintains an Erisa 401(k) plan covering substantially all employees. The Organization's expense related to this plan totaled \$36,894 and \$43,876 for the years ended June 30, 2022 and 2021. Employees are eligible to participate after 1 year of service and attaining the age of 21. Under the plan, the Organization matches 100 percent of the participant's deferral, up to the first 4 percent of wages deferred by the participant.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 7 - LINE OF CREDIT

The Organization has a line of credit from the financial institution maintaining the Organization's investment accounts. The line of credit is secured by the balance in the Organization's investment accounts and any balance would be due on demand. The approved amount available is subject to the institution's discretion. The line of credit bears interest at varying rates relative to the LIBOR rate. The Organization has various internal policies regarding the use of the line of credit, one of which is that board approval is required for advances that would cause the cumulative advances to exceed \$75,000. During the years ended June 30, 2022 and 2021, there were no balances due on the line of credit as of year-end.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2022 and 2021, net assets with donor restrictions consisted of the following purpose-based restrictions:

	<u>2022</u>	<u>2021</u>
Depreciable assets:		
Building	\$ 136,319	\$ 141,529
Total depreciable assets	<u>136,319</u>	<u>141,529</u>
Nondepreciable assets:		
Land	295,200	295,200
Total nondepreciable assets	<u>295,200</u>	<u>295,200</u>
Grants awarded not spent:		
Robert & Judith Surgis Family Fund - Dining room floor replacement	1,175	-
Nutmeg Foundation - Cybersecurity	-	1,846
HFPG - Re-opening Cleaning Costs	-	13,197
Total grants awarded not spent	<u>1,175</u>	<u>15,043</u>
	<u>\$ 432,694</u>	<u>\$ 451,772</u>

In August of 2008, Alice K's, LLC purchased from the City of Hartford the land and building which the Organization currently occupies and previously leased for \$1. The estimated fair market values of the land and building purchased at the date of acquisition was \$295,200 and \$208,386, respectively. Per the sale agreement with the City of Hartford, the Organization is required to continue to use these land and facilities to provide emergency shelter for battered women and their children. Should Alice K's, LLC sell this purchased property, proceeds from the sale are due to the City of Hartford, not the Organization.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 9 - SPECIAL EVENTS

Revenue from special events in the statements of activities has been shown net of associated costs. The gross receipts and expenses for these events during the years ended June 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Gross receipts	\$ 256,588	\$ 171,087
Associated expenditures	<u>(25,948)</u>	<u>(8,042)</u>
	<u>\$ 230,640</u>	<u>\$ 163,045</u>

NOTE 10 - ECONOMIC DEPENDENCE

A large concentration of revenue is comprised of Federal and State grants passed through the Connecticut Coalition Against Domestic Violence (CCADV). Much of the Organization's pass-through funding originates from the State of Connecticut Department of Social Services (DSS), State of Connecticut Judicial Branch, and the United States Department of Justice. Funds received from CCADV, amounted to 52.4% and 31.2% of total revenues for the years ended June 30, 2022 and 2021, respectively. Any loss or significant reduction in these grants could have a significant impact on the Organization's financial position and program services.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Hartford Interval House, Inc. to concentrations of credit risk consist principally of cash and cash equivalents and grants and other receivables.

The cash balances maintained at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022 and 2021, Hartford Interval House, Inc.'s uninsured cash balances were \$372,980 and \$0, respectively.

Credit risk with respect to grants receivable is limited due to the number and credit worthiness of the governmental entities and organizations from whom such amounts are due. Concentrations of credit risk with respect to promises to give (pledge receivables) are limited due to the small number of contributors comprising the receivable balance at June 30, 2022 and 2021. Hartford Interval House, Inc. believes all of its pledges and grants receivable outstanding at June 30, 2022 and 2021, to be collectible.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS RELEASED

Net assets with donor restrictions released from restrictions due to the passage of time or actions taken by the Organization as of June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Expenditures of purpose-restricted grants	\$ 23,868	\$ 29,957
Building depreciation	<u>5,210</u>	<u>5,209</u>
	<u>\$ 29,078</u>	<u>\$ 35,166</u>

NOTE 13 – BOARD-DESIGNATED ENDOWMENT

During the years ended June 30, 2022 and 2021, the Organization received contributions of \$145,000 and \$1,560,000, respectively, from The Widows' Society. The gift agreement associated with \$1,500,000 of the contributions required the Organization to establish an endowment fund known as "The Widows' Society Fund for Assistance to Individuals". The donor intends for the endowment returns to be used to provide assistance to individuals in-need, in line with Interval House's mission. The gift agreement also allows Interval House to repurpose the gift through the approval of 80% of Interval House's Board of Directors. The endowment fund has been classified as a board-designated endowment, net assets without donor restrictions, accordingly.

Investment Return Objectives, Risk Parameters and Strategies: Interval House has adopted investment and spending policies for the endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk. The investment horizon is long term. Interval House intends to utilize securities exhibiting high degrees of liquidity consistent with those found on publicly traded exchanges.

Spending Policy: Sufficient liquidity will be maintained to ensure monthly distribution of \$6,250. Interval House considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the various funds, (2) the purposes and intent of the endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 13 – BOARD-DESIGNATED ENDOWMENT (continued)

During the year ended June 30, changes in endowment net assets consisted of the following:

	2022	2021
Endowment net assets, beginning of year	\$ 1,663,573	\$ -
Additions and contributions	145,000	1,560,000
Investment income	64,206	11,156
Net appreciation	(253,733)	167,417
Withdrawals and amounts appropriated for expenditure	(75,000)	(75,000)
Endowment net assets, end of year	\$ 1,544,046	\$ 1,663,573

The endowment net assets consist entirely of board-designated endowment funds without donor restrictions. At June 30, endowment assets included:

	2022	2021
Cash and cash equivalents	\$ 133,626	\$ 41,499
Investments, at market value	1,410,420	1,622,074
Endowment net assets, end of year	\$ 1,544,046	\$ 1,663,573

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future period, Interval House must maintain sufficient resources to meet its responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year of June 30, 2022.

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

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

	2022	2021
Cash and cash equivalents	\$ 791,552	\$ 122,905
Grants receivable	295,616	635,003
Investments, at market value	2,264,070	2,556,625
Financial assets at year-end	3,351,238	3,314,533
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed purpose restrictions	(1,175)	(15,043)
Amounts set aside for endowment by board designation	(1,544,046)	(1,663,573)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,806,017	\$ 1,635,917

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in a diverse portfolio that includes investments such as money market funds, bond funds, and equity funds. Additionally, as discussed in more detail in Note 7, the Organization maintains a line of credit with the bank that holds its investments.

NOTE 15 – CONTINGENCIES

The Organization is occasionally a party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will have no material impact on the Organization's financial statements.

NOTE 16 – COVID-19 PANDEMIC

The COVID-19 outbreak in the United States during 2020 and 2021 has caused business disruption through mandated and voluntary limitations on businesses, individuals and not-for-profit entities. The disruption is currently expected to be temporary. However, there is considerable uncertainty around the duration and extent of the future impact on the Organization, and the future financial impact cannot be reasonably estimated at this time.

NOTE 17 – LEASES

The Organization leases two office spaces. One lease requires payments of \$942 from June 1, 2021, through May 31, 2022. There is an option to extend for two additional years at \$970 monthly for the first year and \$999 monthly for the second.

The other lease requires payments of \$850 per month from June 1, 2021, through May 31, 2023. The Organization has the option to extend the lease for three additional years at a rate of \$875 monthly, through May 2026.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022, WITH COMPARATIVE INFORMATION FOR 2021

NOTE 17 – LEASES (continued)

Future minimum lease payments for the years ended June 30 are:

2023	<u>\$ 9,350</u>
Total	<u><u>\$ 9,350</u></u>

NOTE 18 – PPP LOAN

On April 17, 2020, the Organization obtained a Paycheck Protection Program (PPP) loan in the amount of \$144,268. The loan had a fixed interest rate of 1 % and was not secured by collateral. The original note required, after a 6-month repayment deferral period, 18 monthly payments of \$8,078, starting on November 17, 2020, and ending on April 17, 2022, plus full payment of any unpaid interest and principal at that date. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was amended by the Paycheck Protection Program Flexibility Act (PPPF Act). Under the PPP, the loan would be partially or fully forgiven if the Organization maintained its workforce and salaries and used the loan proceeds for qualifying amounts of payroll, rent, mortgage interest, or utilities costs during the Covered Period. The PPPF Act increased the Covered Period from 8 weeks to 24 weeks after the loan was issued and amended the loan repayment deferral from six months to until the date on which the amount of forgiveness determined under Section 1106 of the CARES Act is remitted to the lender; any borrowers who failed to apply for forgiveness within 10 months of the last day of the Covered Period had to make loan repayments beginning on that date. Loan interest expense recognized during the year ended June 30, 2021, totaled \$885. The loan, including interest, was completely forgiven during the year ended June 30, 2021, and forgiveness income of \$145,433 was included in "Grants, governmental" on the Statement of Activities for that year.

NOTE 19 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 15, 2022, which is the date the financial statements were available to be issued, and has determined that no additional disclosures are required.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

<u>STATE GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>STATE GRANT PROGRAM CORE-CT NUMBER</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u>
Department of Social Services			
Pass-through from:			
Connecticut Coalition Against Domestic Violence			
Shelter Services Program	11000-DSS60000-16271		\$ 293,539
Marriage License Surcharge	12060-DSS60000-35132		<u>18,399</u>
Total Department of Social Services			<u>311,938</u>
Judicial Branch			
Pass-through from:			
Connecticut Coalition Against Domestic Violence			
Family Violence Intervention	11000-JUD95810-10020-013		<u>121,945</u>
Total Judicial Branch			<u>121,945</u>
Office of Policy & Management			
Pass-through from:			
Connecticut Coalition Against Domestic Violence			
Justice Assistance and Advocacy	11000-OPM20350-12251		<u>5,488</u>
Total Office of Policy & Management			<u>5,488</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ -</u>	<u>\$ 439,371</u>

See accompanying notes to the schedule.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Hartford Interval House, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the shelter for victims of domestic violence and victim advocacy programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hartford Interval House, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Department of Housing and Urban Development (HUD)				
Passed through from Town of East Hartford, CT				
Community Development Block Grants/Entitlement Grants	14.218	CDBG		\$ 3,863
Community Development Block Grants/Entitlement Grants	14.218	CDBG-CV CARES		3,009
Passed through from City of Hartford, CT				
Community Development Block Grants/Entitlement Grants	14.218	CDBG-CV CARES		50,000
Passed through from Town of Manchester, CT				
Community Development Block Grants/Entitlement Grants	14.218	CDBG CARES		6,352
Community Development Block Grants/Entitlement Grants	14.218	CDBG		8,688
				<u>71,912</u>
Passed through from City of Hartford, CT				
Emergency Solutions Grant Program	14.231	ESG		15,086
Passed through from CT Coalition Against Domestic Violence				
Continuum of Care Program	14.267	CT033D1E051800 / 19DOH0901FJ		6,152
Continuum of Care Program	14.267	19DOH0901FJ / 20DOH0901FJ		24,841
				<u>30,993</u>
Total Department of Housing and Urban Development (HUD)				<u>117,991</u>
Department of Justice (DOJ)				
Passed through from CT Coalition Against Domestic Violence				
Crime Victim Assistance	16.575	02-1817-13		479,305
Crime Victim Assistance	16.575	02-1817-13		10,565
Crime Victim Assistance	16.575	2012-1817-13		14,350
Passed through from Judicial Branch - State of CT				
Crime Victim Assistance	16.575	2019-V2-GX-0031 / 02-1904-02		264,371
				<u>768,591</u>
Passed through from CT Coalition Against Domestic Violence				
Violence Against Women Formula Grants	16.588	2020-WF-AX-0028 / 20VWCCADVCA		8,812
Violence Against Women Formula Grants	16.588	2017-WF-AX-0032 / 17VWCCADVLEVA		7,650
				<u>16,462</u>
Total Department of Justice (DOJ)				<u>785,053</u>
Department of the Treasury				
Passed through from CT Coalition Against Domestic Violence				
COVID-19 - Coronavirus Relief Fund	21.019	OPM Hoteling CARES		<u>425,635</u>
Total Department of the Treasury				<u>425,635</u>
Department of Health and Human Services (HHS)				
Passed through from CT Coalition Against Domestic Violence				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	HRSA 6 H12HA248590803		2,000
Passed through from CT Coalition Against Domestic Violence				
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	22MHA6007		7,696
Passed through from CT Coalition Against Domestic Violence				
Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	159-1FJ-SSP-01		77,519
Family Violence Prevention and Services / Domestic Violence Shelter and Supportive Services	93.671	159-1FJ-SSP-01 CARES		12,063
				<u>89,582</u>
Total Department of Health and Human Services (HHS)				<u>99,278</u>
Department of Homeland Security (DHS)				
Emergency Food and Shelter National Board Program	97.024			<u>25,750</u>
Total Department of Homeland Security (DHS)				<u>25,750</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,453,707</u>

See accompanying notes to schedule of expenditures of federal awards.

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hartford Interval House, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hartford Interval House, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hartford Interval House, Inc.

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.

NOTE C—INDIRECT COST RATE

Hartford Interval House, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



CARNEY, ROY AND GERROL, P.C.

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
Hartford Interval House, Inc.
Hartford, Connecticut

We have audited, 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, the financial statements of Hartford Interval House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 November 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Hartford Interval House, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hartford Interval House, Inc.'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*.

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 result 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.



Rocky Hill, Connecticut
November 15, 2022



CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors
Hartford Interval House, Inc.
Hartford, Connecticut

Report on Compliance for Each Major State Program

We have audited Hartford Interval House, Inc. ("the Organization")'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Organization's major state programs for the year ended June 30, 2022. The Organization's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State 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 the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hartford Interval House, Inc. 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 state program. Our audit does not provide a legal determination of Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'s state 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 Hartford Interval House, Inc.’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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236) 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 Hartford Interval House, Inc.’s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236), 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 Hartford Interval House, Inc.’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 Hartford Interval House, Inc.’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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236), but not for the purpose of expressing an opinion on the effectiveness of Hartford Interval House, Inc.’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 state 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 state 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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Hartford Interval House, Inc., as of and for the year ended June 30, 2022 and have issued our report thereon dated November 15, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Carneg, Roy and Dowl, P.C.

Rocky Hill, Connecticut
November 15, 2022



CARNEY, ROY AND GERROL, P.C.

Certified Public Accountants

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

To the Board of Directors of
Hartford Interval House, Inc.
Hartford, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hartford Interval House, Inc. ("the Organization")'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hartford Interval House, Inc.'s major federal programs for the year ended June 30, 2022. Hartford Interval House, Inc.'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, Hartford Interval House, Inc. 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Hartford Interval House, Inc. 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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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 Hartford Interval House, Inc.'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.

Carneg, Roy and Lord, P.C.

Rocky Hill, Connecticut
November 15, 2022

**HARTFORD INTERVAL HOUSE, INC.
AND CONSOLIDATED SUBSIDIARIES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
FOR THE YEAR ENDED JUNE 30, 2022

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor's opinion issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? ___ yes x no

The following schedule reflects the major programs included in the audit:

<u>Federal Grantor and Program</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Department of Justice (DOJ) Crime Victim Assistance	16.575	\$ 768,591
Department of the Treasury COVID-19 - Coronavirus Relief Fund	21.019	\$ 425,635
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 750,000</u>

Auditee qualified as low-risk auditee? x yes ___ no