



The Reno Initiative  
FOR SHELTER & EQUALITY

**Financial Statements**

**December 31, 2023**

# **The Reno Initiative for Shelter and Equality**

Table of Contents

December 31, 2023

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	Page
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

**Shareholders**

*Edward R. Cupit, CPA (1943-2010)  
Ronald A. Milligan, CPA (1949-2022)  
Melvin L. Williams, CPA*

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**Independent Auditor's Report**

To the Board of Directors of  
The Reno Initiative for Shelter and Equality

**Opinion**

We have audited the financial statements of The Reno Initiative for Shelter and Equality (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Reno Initiative for Shelter and Equality as of December 31, 2023, 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 (GAAS). 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 The Reno Initiative for Shelter and Equality 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.

**Emphasis of Matter - Financial Statements Restated**

As discussed in Note 6 to the financial statements, the net assets, beginning of year, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Reno Initiative for Shelter and Equality's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Reno Initiative for Shelter and Equality's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Reno Initiative for Shelter and Equality'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.

*Cusit, Killion, Ogden & Sullivan*

Reno, Nevada  
July 18, 2024

**The Reno Initiative for Shelter and Equality**  
Statement of Financial Position  
December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
<i>Current Assets</i>			
Cash	\$ 192,494	\$ -	\$ 192,494
Contracts receivable	362,725	-	362,725
<i>Total Current Assets</i>	555,219	-	555,219
<i>Property and Equipment, net</i>	65,431	-	65,431
<b>Total Assets</b>	<b>\$ 620,650</b>	<b>\$ -</b>	<b>\$ 620,650</b>
<b>Liabilities and Net Assets</b>			
<i>Current liabilities</i>			
Accounts payable	\$ 2,719	\$ -	\$ 2,719
Accrued vacation	34,926	-	34,926
Accrued payroll and related liabilities	135,584	-	135,584
<i>Total Current Liabilities</i>	173,229	-	173,229
<b>Total Liabilities</b>	<b>173,229</b>	<b>-</b>	<b>173,229</b>
<i>Net Assets</i>	447,421	-	447,421
<b>Total Liabilities and Net Assets</b>	<b>\$ 620,650</b>	<b>\$ -</b>	<b>\$ 620,650</b>

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

**The Reno Initiative for Shelter and Equality**

Statement of Activities

For the year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Other Support</b>			
Contract income	\$ 3,818,276	\$ -	\$ 3,818,276
Contributions of cash	70,987	-	70,987
Contributions of nonfinancial assets	83,207	-	83,207
<b>Total Revenue and Other Support</b>	<u>3,972,470</u>	<u>-</u>	<u>3,972,470</u>
<b>Expense</b>			
<i>Program Services</i>			
Our Place	2,710,023	-	2,710,023
CrossRoads	682,140	-	682,140
Community Outreach	303,422	-	303,422
Other	38,999	-	38,999
<i>Supporting Services</i>			
General and administrative	137,336	-	137,336
<b>Total Expense</b>	<u>3,871,920</u>	<u>-</u>	<u>3,871,920</u>
<b>Changes in Net Assets</b>	100,550	-	100,550
<b>Net Assets, Beginning of Year, As Restated</b>	<u>346,871</u>	<u>-</u>	<u>346,871</u>
<b>Net Assets, End of Year</b>	<u>\$ 447,421</u>	<u>\$ -</u>	<u>\$ 447,421</u>

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

**The Reno Initiative for Shelter and Equality**  
Statement of Functional Expenses  
For the year ended December 31, 2023

	<u>Program Services</u>				<u>Supporting</u>	<u>Total</u>
	<u>Our Place</u>	<u>CrossRoads</u>	<u>Reno Outreach</u>	<u>Other Contracts</u>	<u>General and Administrative</u>	
Wages	\$ 2,214,958	\$ 584,924	\$ 233,988	\$ 28,039	\$ 73,852	\$ 3,135,761
Employee benefits, payroll taxes and related employee costs	297,629	72,602	36,581	2,986	14,450	424,248
<b>Total Wages and Related Costs</b>	<b>2,512,587</b>	<b>657,526</b>	<b>270,569</b>	<b>31,025</b>	<b>88,302</b>	<b>3,560,009</b>
Accounting fees	-	-	-	-	24,445	24,445
Advertising and promotion	81	-	166	-	2,969	3,216
Contributed nonfinancial assets	83,207	-	-	-	-	83,207
Depreciation	-	-	11,224	-	-	11,224
Dues and service fees	106	-	11	165	1,622	1,904
Guest enrichment events	6,615	317	-	-	-	6,932
Information technology	186	-	-	-	9,509	9,695
Insurance	70,151	19,429	2,750	267	-	92,597
Meetings and conferences	-	-	106	-	1,005	1,111
Miscellaneous	56	28	28	-	2,798	2,910
Office	1,176	1,258	2,375	-	473	5,282
Program supplies	35,277	3,255	5,918	7,542	189	52,181
Rent and storage	-	-	3,935	-	-	3,935
Training	420	327	119	-	5,614	6,480
Transportation	161	-	6,221	-	410	6,792
<b>Total Expenses</b>	<b>\$ 2,710,023</b>	<b>\$ 682,140</b>	<b>\$ 303,422</b>	<b>\$ 38,999</b>	<b>\$ 137,336</b>	<b>\$ 3,871,920</b>

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

**The Reno Initiative for Shelter and Equality**  
Statement of Cash Flows  
For the year ended December 31, 2023

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<b>Cash Flows from Operating Activities</b>	
Changes in net assets	\$ 100,550
<i>Adjustments to reconcile changes in net assets to net cash used by operating activities</i>	
Depreciation	11,224
<i>Changes in operating assets and liabilities</i>	
Contracts receivable	(117,939)
Accounts payable	1,279
Accrued vacation	(4,145)
Accrued payroll and related liabilities	<u>(28,136)</u>
<b>Net Cash Used by Operating Activities</b>	<u>(37,167)</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(76,655)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(76,655)</u>
<b>Net Change in Cash</b>	(113,822)
<b>Cash, Beginning of Year</b>	<u>306,316</u>
<b>Cash, End of Year</b>	<u>\$ 192,494</u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
<i>Cash paid during the year for</i>	
Income taxes	<u>\$ -</u>
Interest	<u>\$ -</u>

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



## **The Reno Initiative for Shelter and Equality**

Notes to Financial Statements

December 31, 2023

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### **1. Nature of Operations & Summary of Significant Accounting Policies**

#### Nature of Activities

The Reno Initiative for Shelter and Equality (“RISE”) was incorporated on July 17, 2012 as a non-profit corporation under Nevada law. RISE’s initiative is to cultivate a greater sense of dignity and humility by providing equal access to shelter, knowledge, and opportunity. RISE seeks to create a stronger community through the use of shared resources and mutual aid. RISE is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

#### *Program Services*

The mission of RISE is to provide support for unsheltered people in the Reno-Sparks area through mutual aid. Program expenses include costs related to the following initiatives:

- Our Place – RISE operates a low-barrier emergency housing facility for women and families in the Reno-Sparks community. The campus provides shelter and services for women, families, seniors, and their animal companions.
- CrossRoads - RISE operates sober supportive housing for single women and families in the Reno-Sparks community. The care team serves a vital role by providing the necessary structure, oversight, safety and consistency needed to ensure participants long term success.
- Community Outreach – RISE’s mobile outreach units provide on-the-spot haircuts, care bags and provide food and other supplies to those in need. RISE teams also assist individuals in navigating available resources with the goal of empowering individuals to access the support they need for a positive change.
- Other – RISE provides peer-to-peer outreach services to unsheltered populations in the community. Services includes providing support, resources and options to unhoused individuals with the objective of minimizing trauma associated with relations and increasing the likelihood of future successful permanent housing. Additional services include maintaining resources in a local park and assisting in the reduction of opioid overdoses amongst the unsheltered.

#### *Supporting Services*

- General and Administrative - These services include functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination of RISE’s programs, and manage the financial and budgetary responsibilities.

#### Basis of Accounting

RISE prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP). In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2024, the date the financial statements were available to be issued.

## **The Reno Initiative for Shelter and Equality**

Notes to Financial Statements

December 31, 2023

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### Financial Statement Presentation

RISE follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Not for Profit Entities. Under ASC No. 958, RISE 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 as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may be maintained permanently or will be met either by actions of the organization or the passage of time. RISE did not have any net assets with donor restrictions as of December 31, 2023.

### Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Cash

RISE maintains its cash in a financial institution. Accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per financial institution. At December 31, 2023, RISE did not have any cash in excess of insured limits.

### Contract Receivables

Contracts receivable are recorded when the organization's right to consideration becomes unconditional. RISE does not anticipate any collection losses with respect to the receivable balances and therefore, no allowance for bad debt was established at December 31, 2023.

### Property and Equipment

Property and equipment with an acquisition cost in excess of \$5,000 and with an expected useful life of more than one year are capitalized at cost. Donated property is recorded at its estimated fair value at the date it is received. Property and equipment are depreciated over their estimated useful lives of five years using the straight-line method.

Maintenance and repairs are charged to expense as incurred. Renewals and betterments that materially extend the lives of the assets are capitalized.

### Compensated Absences

Accrued vacation represents the organization's liability for the cost of unused employee vacation at year end.

### Contracts Income

RISE operates housing facilities and provides peer-to-peer outreach services to unsheltered populations in the Reno-Sparks area. These services are provided in accordance with contracts executed with local government entities. Revenues are recognized over the term of the contract as the services are provided, in an amount that reflects the consideration RISE expects to be entitled to in exchange for those services.

Revenue is recognized using the five-step approach, as follows:

## **The Reno Initiative for Shelter and Equality**

Notes to Financial Statements

December 31, 2023

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- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied.

A performance obligation is a promise in a contract to transfer a distinct service, and it is the unit of account in the accounting guidance for revenue recognition. The majority of RISE's contracts have a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, is not distinct.

Compensation for the services is generally determined on a time and materials basis not to exceed the total contract price. Contracts do not include variable consideration.

Services are billed bi-weekly, semi-monthly or quarterly and payments are due within 30 days of the invoice date. Client contracts are generally for a term of between 10-18 months, allow for renewal options, and are cancellable by either party on a short-term basis (up to 60 days) with written notice. The timing between satisfaction of the performance obligation, invoicing, and payment is not significant.

### *Contract Balances*

The timing of billings, cash collections, and revenue recognition results in contract assets reported in the statement of financial position as contract receivables. Contract receivables are recognized only to the extent that they are probable of collection. For the year ended December 31, 2023, the beginning and ending contract receivables balances were \$244,786 and \$362,725, respectively.

### Contributions of Cash

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions restricted by a donor for specific purposes or future periods are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met either by the passage of time or by use in the reporting period in which the income is recognized.

### Contributions of Nonfinancial Assets

Donated clothing and toiletries are reflected as contributions of nonfinancial assets in the accompanying statement of activities at their estimated fair values at the date of receipt with a corresponding amount recorded as expense.

Contributions of services are recognized as contributions of nonfinancial assets when the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation in accordance with ASC No. 958-605-25-16, Not for Profit Entities – Contributions Received. Contributions of services are measured at their estimated fair market value.

A significant portion of the RISE's functions and programs are conducted by unpaid volunteers. Time donated by volunteers, including those serving on the board of directors, has not been recognized as it does not meet the criteria established by the ASC.

**The Reno Initiative for Shelter and Equality**  
Notes to Financial Statements  
December 31, 2023

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Advertising

Advertising costs are charged to program and supporting services when incurred. Advertising costs totaled \$3,216 for the year ended December 31, 2023.

Expense Allocation

Functional expenses, which are not directly attributable to a specific function, are allocated between program and supporting services based on the best estimates of management. Functional expenses are considered an expense in the year incurred and, accordingly, are charged to operations on a current basis.

**2. Liquidity and Availability of Resources**

The following table reflects RISE's financial assets as of December 31, 2023, reduced by amounts not available for general use because of a contractual or donor-imposed restrictions within one year of the statement of financial position:

Financial assets at year end	\$ 555,219
Less those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions:	<u>                  -</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>          \$ 555,219</u></u>

As part of RISE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**3. Property and Equipment**

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

Vehicles	<u>          \$ 76,655</u>
Total property and equipment	76,655
Less accumulated depreciation	<u>          (11,224)</u>
Property and equipment, net	<u><u>          \$ 65,431</u></u>

**4. Contributions of Nonfinancial Assets**

For the year ended December 31, 2023, RISE recognized \$83,207 of contributed nonfinancial assets which consisted of clothing and toiletries. None of the contributed items had donor-imposed restrictions. It is RISE's policy to utilize donated items and as such, none of the items were monetized.

Contributed clothing and toiletries are provided to guests receiving services under the Our Place program. Clothing and toiletries are valued on the basis of estimates of wholesale values that would be received for selling similar products.

**5. Concentration of Revenue**

RISE receives a substantial portion of its revenue from contracts administered by local governments. RISE's operations are significantly dependent upon this revenue and if funding were to suddenly cease, operations would be impacted severely and adversely. RISE does not anticipate significant changes to its contracts at this time.

**6. Restatement**

The beginning of year net assets were restated to correct an error related to an overstatement of payroll expense in prior years. The effect of the adjustment to the accompanying financial statements was as follows:

	<b>As Previously Reported</b>	<b>Adjustment</b>	<b>As Restated</b>
<b>Statement of Activities</b>			
Net Assets, Beginning of Year	\$ 326,441	\$ 20,430	\$ 346,871