

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
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CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2023 AND 2022**

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Accountants

Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter)
(a nonprofit organization)
Miami, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter) (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 the Foundation's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
July 19, 2024

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 7,472,567	\$ 5,840,336
Short-term investments	2,960,335	2,493,754
Cash and cash equivalents	10,432,902	8,334,090
Accounts receivable	1,783,834	2,346,538
Investments	91,019	164,597
Prepaid expenses	212,921	159,474
Due from affiliate	3,208	7,716
Total current assets:	<u>12,523,884</u>	<u>11,012,415</u>
Non-current assets:		
Furniture, equipment and leasehold improvements, net	465,769	560,548
Operating lease right-of-use asset	3,375,617	3,495,241
Other assets	6,420	27,759
Total non-current assets:	<u>3,847,806</u>	<u>4,083,548</u>
Total assets	<u>\$ 16,371,690</u>	<u>\$ 15,095,963</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 298,374	\$ 325,375
Due to affiliate	14,621	-
Total current liabilities:	<u>312,995</u>	<u>325,375</u>
Long-term liabilities:		
Operating lease liabilities	3,375,617	3,495,241
Total long-term liabilities:	<u>3,375,617</u>	<u>3,495,241</u>
Total liabilities	<u>3,688,612</u>	<u>3,820,616</u>
Net assets		
Without donor restrictions	12,683,078	11,275,347
Total net assets	<u>12,683,078</u>	<u>11,275,347</u>
Total liabilities and net assets	<u>\$ 16,371,690</u>	<u>\$ 15,095,963</u>

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

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
	Without	Without
	Donor Restrictions	Donor Restrictions
SUPPORT AND REVENUE:		
Contributions	\$ 3,114,734	\$ 3,655,133
In-Kind donated goods	4,255,231	2,862,912
In-Kind rent	262,086	167,712
In-Kind services	148,012	222,169
Special events	663,126	548,338
Grants revenue	9,121,760	7,330,771
Investment and other income	352,908	(206,976)
Thrift shop sales	208,826	230,669
Total support and revenue	<u>18,126,683</u>	<u>14,810,728</u>
EXPENSES:		
Program services:		
Conferences and meetings	30,433	32,071
Depreciation	120,304	113,297
Travel	79,646	15,604
Food and meals	680,592	817,909
Insurance	459,467	330,348
Materials and supplies	50,598	7,991
Office expenses	254,960	61,564
Public awareness/outreach	17,582	22,344
Rent	168,588	196,001
In-Kind rent	262,086	167,712
Repairs and maintenance	249,149	241,253
Salaries and related expenses	8,346,497	7,233,661
Supplies- Special Needs from Thrift Shop	2,310,310	1,552,272
Supportive services	1,103,371	623,112
Donated goods	1,944,811	1,373,732
Utilities	227,143	368,629
Total program services	<u>16,305,536</u>	<u>13,157,500</u>
Supporting services:		
Management and general:		
Office expenses	28,875	217,718
Professional fees	276,008	213,098
Salaries and related expenses	23,681	20,639
Total management and general	<u>328,564</u>	<u>451,455</u>
Fundraising:		
Salaries and related expenses	23,681	20,640
Special event	61,171	32,392
Total fundraising	<u>84,852</u>	<u>53,032</u>
Total supporting services	<u>413,416</u>	<u>504,487</u>
Total expenses	<u>16,718,952</u>	<u>13,661,987</u>
Change in net assets	<u>1,407,731</u>	<u>1,148,741</u>
Net assets, beginning of year	<u>11,275,347</u>	<u>10,126,606</u>
Net assets, end of year	<u>\$ 12,683,078</u>	<u>\$ 11,275,347</u>

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

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,407,731	\$ 1,148,741
Depreciation	120,304	113,297
Net realized and unrealized (gain) loss on investments	73,578	257,152
(Increase) decrease in:		
Accounts receivable	562,704	(988,035)
Prepaid expenses	(53,447)	(47,407)
Due from affiliate	4,508	(4,509)
Other assets	21,339	6,871
Increase (decrease) in:		
Accounts payable and accrued expenses	(27,001)	190,420
Due to affiliate	14,621	-
Net cash provided by operating activities	2,124,337	676,530
Cash flows from investing activities:		
Proceeds from maturities/sales of investments	-	1,918,756
Acquisition of furniture and equipment	(25,525)	(30,490)
Net cash provided by (used in) investing activities	(25,525)	1,888,266
Net increase in cash	2,098,812	2,564,796
Cash, beginning of year	8,334,090	5,769,294
Cash, end of year	\$ 10,432,902	\$ 8,334,090

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 – NATURE OF ACTIVITIES

The Sundari Foundation, Inc. (D.B.A. The Lotus House Women's Shelter) (the "Foundation") is a 501(c)(3) non-profit corporation organized under the laws of the State of Florida in June 2004. The Foundation's mission is the education, advancement and social inclusion of poor, disadvantaged, and homeless women and children.

The Foundation operates the Lotus House Women's Shelter as a free, holistic, shelter and resource center, providing housing, meals, counseling, social services referrals and advocacy, educational advancement opportunities, life skills and job readiness training, enrichment activities and support services.

The Foundation's wholly owned subsidiary, Lotus House Thrift LLC, receives in-kind donations from the community which serve the shelter's needs and provides free clothing and furnishings to the women and children served by Lotus House Women's Shelter. Lotus House Thrift also functions as a job readiness training site and work program for the women served by Lotus House Women's Shelter.

The Foundation's wholly owned subsidiary, Lotus Wellness Center, LLC, is a free, "Good Samaritan" health clinic providing women's wellness exams and basic health care screenings for women who are indigent and uninsured, including women of Lotus House and from the surrounding neighborhoods. It is staffed by volunteers.

The Foundation's wholly owned subsidiary, National Women's Shelter Network, LLC, is an initiative to build a network of women's shelters on a national level for sharing information, best practices, and innovation to advance the status of women and children experiencing homelessness. In December 2023, the Foundation changed the name of the National Women's Shelter Network, LLC to Lotus House Women's Initiative, LLC and then transferred the name "National Women's Shelter Network" and the related assets and liabilities to a newly formed, independent, nonprofit organization, National Women's Shelter Network, Inc. The Foundation has two board appointees at the new organization and the work of the National Women's Shelter Network, Inc. continues to be an important initiative an priority of Lotus House.

In 2007, the Lotus Endowment Fund, Inc. (the "Endowment"), a 501(c)(3) non-profit, Type II 509(a)(3), was formed and is operated exclusively to benefit the Foundation and its initiatives, including the Lotus House Women's Shelter. A majority of the board members of the Endowment are also board members of the Foundation however they do not constitute the majority of the Foundation's board; therefore, the Foundation does not control the Endowment.

The original facilities occupied by Lotus House Women's Shelter in Overtown, Miami, were redeveloped by Lotus Village Development, LLC, a subsidiary of Lotus Endowment Fund, Inc., from late 2016 through 2017, during which time Lotus House Women's Shelter occupied substitute facilities consisting of rental apartment buildings nearby. In late December 2017, Lotus Village Development completed construction of a new 100,000+ square foot mixed-use project including 140 shelter units, supportive service and programming space, a children's wellness center and neighborhood health clinic. Lotus House Women's Shelter took occupancy of the new state of the art, comprehensive homeless services facility, named Lotus Village, pursuant to a long term, master lease from Lotus Village Development, LLC in late 2017. Subsequent to that date, Lotus House Women's Shelter subleased the neighborhood health clinic to Jessie Trice Community Health System and licensed the childcare center to United Way Center for Excellence in Early Education.

In 2015, the Lotus Supporting Foundation, Inc. (the "Supporting Foundation"), a 501(c)(3) non-profit, Type II 509(a)(3), was formed and is operated exclusively to benefit the Foundation and its initiatives, including the Lotus House Women's Shelter. A majority of the board members of the Supporting Foundation are also board members of the Foundation however they do not constitute the majority of the Foundation's board; therefore the Foundation does not control the Supporting Foundation. The Supporting Foundation assisted in the financing needed for the redevelopment of the Lotus Village project.

The Foundation, Lotus House Thrift LLC, Lotus Wellness Center, LLC, and National Women's Shelter Network, LLC aka Lotus House Women's Initiative, LLC will be collectively referred to as the Foundation in the consolidated financial statements.

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NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

In October 2021, Lotus Endowment Fund, Inc. amended its existing master lease with the Foundation, Inc. for a new parcel of vacant land located at 233-235 NW 14th Terrace, Miami, which was subsequently transferred in January 2022 by the endowment to its wholly owned subsidiary, Lotus Village II, LLC. Upon transfer it was released from the original master lease and Lotus Village II, LLC entered into a new master lease of the same parcel of land and additional parcels of land in January-April 2022, subject to a purchase money mortgage in favor of Lotus Endowment, for the prospective development of the Children's Village at Lotus Village, a planned children's resource center, located at 205, 211, 213, 219, 225, and 233-35 NW 14th Terrace and 1460 NW 2nd Avenue, Miami. The properties are used by the Foundation for various activities but remains in development at this time by Lotus Village II, LLC. No rent is due until such time as the Foundation takes occupancy of the new Children's Village. In April 2023, the master lease from Lotus Village II, LLC to the Foundation was amended and restated to facilitate the development of the Children's Village as part of the new market tax credit financing for the development.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. Financial Statement Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (as amended by ASU 2016-14, Not-For-Profit Entities) and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time. Total net assets without donor restrictions as of December 31, 2023 and 2022 were \$12,683,078 and \$11,275,347, respectively.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions as of December 31, 2023 and December 31, 2022.

C. Principles of Consolidation

Generally accepted accounting principles require the Foundation to consolidate entities in which it has control and an economic interest when that control is evidenced through a majority ownership or voting interest. The Sundari Foundation, Inc., has an economic interest and control of the Board of The Lotus House Thrift, LLC, The Lotus Wellness Center, LLC, and National Women's Shelter Network, LLC and therefore consolidation is required. All material intra-organizational accounts and transactions have been eliminated in the accompanying consolidated financial statements.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, cash consists of cash and other highly liquid resources with original maturities of three months or less.

E. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (Level 1 measurements) and on quoted markets that are not active in observable inputs (Level 2 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

F. Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management believes that all receivables, are collectible within one year, therefore, the Foundation has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the years ended December 31, 2023 and 2022.

G. Contributions

Contributions and gifts received with no restrictions or specified uses identified by the donor are included in revenue without donor restrictions in the statement of activities when notification is received. Contributions received with donor stipulations that limit the use of donated assets are reported as revenue with donor restrictions in the statement of activities when notification is received.

When donor restrictions expire or are fulfilled by actions of the Foundation, 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.

H. Furniture, Equipment and Leasehold Improvements

The Foundation capitalizes all expenditures for furniture, equipment and leasehold improvements in excess of \$500. Contributed furniture and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of furniture and equipment are recorded as unrestricted support.

Furniture, equipment, and leasehold improvements of the Foundation are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold improvements	5-10
Vehicles	5
Furniture and equipment	3-10

Repairs and maintenance are expensed as incurred. Improvements which increase the life of the assets are capitalized. The carrying amount of assets sold is retired and the related accumulated depreciation is eliminated in the year of disposal and the resulting gain or loss is credited or charged to operations.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Donated Goods and Services

Contributions of donated noncash assets are recorded at their fair values in the period received.

Donated services consist of the estimated value of contributed services. The amount of donated services includes support provided by volunteers and professionals.

J. Functional Allocation of Expenses

The costs of providing the program activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated based on the percentages applied by management for distributing health insurance, office supplies, and other related costs among program and supporting services.

K. Income Taxes

The Foundation is tax-exempt under Section 501(c) (3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business. The Foundation did not have any unrelated business income for the years ended December 31, 2023 and 2022.

The Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023 or 2022.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2020. The Foundation's policy is to classify income tax-related interest and penalties in interest expense and other expenses, respectively.

L. Use of Estimates

The preparation of consolidated financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of \$3,631,968 and an increase in operating lease liabilities of \$3,631,968.

N. Subsequent Events

The Sundari Foundation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 19, 2024, the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date at December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,432,902	\$ 8,334,090
Accounts receivable	1,783,834	2,346,538
Due from affiliate	<u>3,208</u>	<u>7,716</u>
	<u>\$ 12,219,944</u>	<u>\$ 10,688,344</u>

The Foundation's goal is generally to manage its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures, liabilities, and other obligations as they come due.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Credit Risk

The Foundation maintains its cash balances in a financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, there were uninsured cash balances of \$7,197,588 and \$5,528,889, respectively. The Foundation believes that the risk of loss with respect to financial institutions has been reduced by choosing strong institutions with which to do business.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as shown on the statements of cash flows consist of the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 7,472,567	\$ 5,840,336
Short-term investments	<u>2,960,335</u>	<u>2,493,754</u>
	<u>\$ 10,432,902</u>	<u>\$ 8,334,090</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The breakdown of accounts receivable which are all due in less than one (1) year as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Grants	\$ <u>1,783,834</u>	\$ <u>2,346,538</u>

NOTE 7 – INVESTMENTS

Investments are stated at fair value and consist of the following as of December 31, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Fixed Income	\$ 91,019	\$ 164,597
Total	<u>\$ 91,019</u>	<u>\$ 164,597</u>

Investment return (loss) related to these investments is included in the consolidated statements of activities and changes in net assets at December 31, and was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 137,127	\$ 48,492
Realized/unrealized gain (loss)	267,926	(253,113)
Investment fees	(10,641)	(18,892)
Accrued income	13,785	5,719
Total	<u>\$ 408,197</u>	<u>\$ (217,794)</u>

NOTE 8 – FAIR VALUE MEASUREMENTS

Fair values of investments measured at December 31, 2023 are as follows:

	Fair Value Measurements at Reporting Date		
	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2023</u>			
Investments			
Fixed Income	\$ 91,019	\$ 7,521	\$ 83,498
Total	<u>\$ 91,019</u>	<u>\$ 7,521</u>	<u>\$ 83,498</u>

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of investments measured at December 31, 2022 are as follows:

	Fair Value Measurements at Reporting Date	
December 31, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments		
Fixed Income	\$ 164,597	\$ 164,597
Total	\$ 164,597	\$ 164,597

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. There have been no changes in valuation techniques and related inputs.

NOTE 9 – FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements at December 31, 2023 and 2022:

	2023	2022
CIP	\$ 88,412	\$ 88,412
Buildings	95,000	95,000
Vehicles	323,359	323,359
Furniture and equipment	3,927,277	539,819
	4,434,048	1,046,590
Less: Accumulated depreciation	(592,662)	(486,042)
	\$ 3,841,386	\$ 560,548

Depreciation expense for the years ended December 31, 2023 and 2022 was \$120,304 and \$113,297, respectively.

NOTE 10 – CONTINGENCIES

The Foundation received certain grants revenues, which require compliance with certain provisions stated in the instrument of the grant. Failure to comply with these provisions could result in a request for the return of funds to the grantor. Although, this is a possibility, the Foundation's management deems the contingency remote since, in their opinion, the Foundation has fully complied with the provisions of the grants.

NOTE 11 – IN-KIND DONATIONS

The Foundation records various types of in-kind support, including services, furniture, clothes, supplies and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2023 and 2022, \$4,255,231 and \$2,862,912 were recognized, respectively.

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NOTE 11 – IN-KIND DONATIONS (CONTINUED)

Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

The Foundation received donated rent and services in the amount of \$410,098 and \$389,881, respectively, for the years ended December 31, 2023 and 2022.

NOTE 12 – LEASES

On September 23, 2016, the Foundation entered into a lease agreement with Lotus Village Development, LLC for the use and operation of a comprehensive homeless services facility, including a homeless shelter with amenities, health clinic and childcare center. The new lease commenced September 16, 2016, and expires December 1, 2045, subject to renewal. Rent commences the later of occupancy of the new facilities or June 1, 2018. Base rent payments of the lease is comprised of four (4) quarterly payments each year in the amount of \$49,000. The annual, straight-line lease expense over the term of the lease is approximately \$196,000. The remaining life of the lease is 22 years.

The maturities of lease liabilities as of December 31, 2023 were as follows:

Years Ending December 31,	Amount
2024	\$ 196,000
2025	196,000
2026	196,000
2027	196,000
2028	196,000
Thereafter	<u>3,283,000</u>
Total lease payment	4,263,000
Less: imputed interest	(887,383)
Present value of liability	<u>\$ 3,375,617</u>

In October 2021, Lotus Endowment Fund, Inc. amended its existing master lease with the Foundation, Inc. for a new parcel of vacant land located at 233-235 NW 14th Terrace, Miami, which was subsequently transferred in January 2022 by the endowment to its wholly owned subsidiary, Lotus Village II, LLC. Upon transfer it was released from the original master lease and Lotus Village II, LLC entered into a new master lease of the same parcel of land and additional parcels of land in January-April 2022, subject to a purchase money mortgage in favor of Lotus Endowment, for the prospective development of the Children's Village at Lotus Village, a planned children's resource center, located at 205, 211, 213, 219, 225, and 233-35 NW 14th Terrace and 1460 NW 2nd Avenue, Miami. The properties are used by the Foundation for various activities but remains in development by Lotus Village II, LLC. No rent is due until such time as the Foundation takes occupancy of the new Children's Village. In April 2023, the master lease from Lotus Village II, LLC to the Foundation was amended and restated to facilitate the development of the Children's Village as part of the new market tax credit financing for the development.

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NOTE 13 – DONATED FACILITIES

In December 2007, the Foundation executed a lease for donated facilities with Lotus Endowment Fund, Inc. (the "Endowment") for a period of fifty (50) years with automatic one-year renewals after the initial term for \$1 per year. The lease agreement was amended on August 2010, February 2011, December 2012, April 2013, December 2013, December 2015 and January 2016 to add additional facilities. In September 2016, the Endowment transferred land to Lotus Village Development which consisted of eleven parcels of property now bearing the consolidated address of 217 NW 15th Street, Miami FL. for the purpose of developing the construction and development of comprehensive homeless services facility together with health clinic and the childcare center. Upon removal of the eleven parcels of land for the redevelopment, two properties remained under the original lease for use by the Foundation: 2040 NW 7th Avenue and 420 NW 35th Street ("Remaining Properties").

Under the terms of the original lease for the Remaining Properties, the Foundation is responsible for the payment of all real estate taxes, insurance, utilities and repairs and maintenance of the facilities. The facilities must be used solely and exclusively for the establishment and continuous operation of a non-profit, gender specific, free housing for homeless and formerly homeless women, d/b/a The Lotus House and/or Lotus House Women's Shelter, by the Foundation, and for no other use or purpose. If the facilities are used for any other purpose, the lease will automatically terminate. The lease agreement may be terminated by the Foundation by providing 60-day notice to the Endowment. The Endowment may terminate the lease if the Foundation violates the terms of the lease more specifically the permitted use of the facilities described in the lease agreement. It is due to these provisions that the lease is considered an annual donation to the Foundation and not a long-term promise to give. On September 16, 2016 the aforementioned lease for the facility was terminated as to the transfer properties and a new lease was entered into in connection with the new market tax credit financing between Lotus Village Development LLC as lessor and Sundari Foundation as lessee.

The Foundation has recorded an in-kind contribution and rent expense of \$262,086 and \$195,125 for the use of the facilities under the lease agreement for the years ended December 31, 2023 and 2022, respectively. This amount approximates the fair market value of rent expense.



Accountants
Advisors

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

To the Board of Trustees of
The Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter)
(a nonprofit organization)
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter) (the "Foundation"), which comprise the consolidated financial statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
July 19, 2024