



OPENING DOORS SINCE 1988

2024 Board Manual

Board Manual

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FRIENDSHIP SHELTER, INC.
Board of Directors
2024 Meeting Schedule

Time: 5:30 p.m.

JANUARY	Tuesday, January 16, 2024
FEBRUARY	
MARCH	Tuesday, March 19, 2024
APRIL	
MAY	Tuesday, May 21, 2024
JUNE	
JULY	Tuesday, July 16, 2024
AUGUST	
SEPTEMBER	Tuesday, September 17, 2024
OCTOBER	
NOVEMBER	Tuesday, November 19, 2024
DECEMBER	

Members are encouraged to attend meetings in person. The option to join by phone/video will also be available for those who need it.

Friendship Shelter

Board Portal Instructions

FSI Website Board Portal Instructions

In an effort to keep updated information available to you at any time, FSI has created a password-protected Board Portal on its web site.

To access the FSI Board Portal:

1. Navigate your browser to **friendshipshelter.org**
2. Under the header **“About Us”** click on **“Board Portal”**
3. Enter the password: **2024board** (no spaces, all lower case)

Included on the portal are:

Board Documents

- Board Group Agreements
- Board Roster
- Board & Staff Bio Book
- Meeting Schedule
- Strategic Action Plan
- Organizational Budget
- Abbreviations & Key Terms

Board Manual including:

- Board Governance Handbook
- Financial Information (incl. annual audit & tax return)
- Organizational Chart

Board Meeting Materials including:

- Agenda
- Draft Minutes of Prior Board/Committee Meetings
- Treasurer’s Report
- Staff Reports

Board Handbook



OPENING DOORS SINCE 1988

Board Governance Handbook

Contents

1. Friendship Shelter's Vision and Mission
2. Friendship Shelter Board's Statement of Purpose
3. Answers You Need to Know to Questions about FSI
4. Ten Basic Board Responsibilities
5. General Expectation of Board Members
6. Meetings
7. Board Committees and Working Groups
8. Nominations to the Board

Appendices

- A. Organizational Values
- B. Bylaws
- C. Media Policy
- D. Conflict of Interest Policy
- E. Annual Board Membership Commitment
- F. Process for Nominating New Board Members

1. Friendship Shelter Vision, Mission and Values:

VISION

Adopted November 16, 2015

***Ending the burden of homelessness in Southern Orange County,
one person at a time.***

MISSION

Adopted July 21, 2009

***Friendship Shelter helps homeless adults achieve self-sufficiency and
become more productive members of our community.***

Please see appendix B for FSI's Organizational Values.

2. Statement of Purpose of Friendship Shelter Board

The purpose of the Board and its members is to lead as advocates in fulfilling the Vision and Mission of Friendship Shelter, Inc. This will be accomplished through:

- Governance of the FSI organization and adherence to Board by-laws
- Strategic planning and financial strength
- Fostering community awareness, identity and support
- Selecting, supporting and establishing mandate for Executive Director

3. Answers You Need to Know to Questions about Friendship Shelter

How many people are homeless in Orange County?

- Orange County counted 5,718 sheltered and unsheltered homeless people in a single night during its most recently tallied full Point-In-Time count in February 2022. Overall, homelessness decreased nearly 17% since the last full Point-In-Time count in 2019. In southern Orange County, Friendship Shelter's service area, homelessness decreased by 23%. And in Laguna Beach, where our outreach and shelter programs operate, unsheltered homelessness dropped by 60%.

Who is homeless in Orange County?

- The most recent full Point-In-Time count of 2022 found that O.C.'s unsheltered homeless population was primarily comprised of single adults.
 - More than one half were chronically homeless (12+ mos. & a disability).

How much does it cost to address homelessness?

- It costs less to provide solutions to homelessness than it does to leave homeless people on the street.
 - Housing a chronically homeless person and providing support to keep them stably housed costs about \$50,000 annually, but

3. (Continued) Answers You Need to Know ...

leaving that same person on the street costs double that – more than \$100,000 – because of increased health care, law enforcement, and other public costs.

- If Orange County housed all chronically homeless individuals, our community would save \$42 million annually.

What is Friendship Shelter's role in addressing homelessness?

- We serve southern Orange County. We serve single adults.
- We serve more than 500 homeless adults annually in our programs.
- We strive to be low-threshold, keeping our entrance requirements minimal so that we can help as many people as possible.
- We are collaborative, working with other organizations, hospitals, cities and police departments to address needs in the communities we serve.
- We provide four core programs:
 - SHELTER:
We operate two housing-focused shelters in Laguna Beach totaling 75 beds for individual adults. Our flagship Bridge Housing Program (*Shorthand: "BHP"*) located on Coast Hwy was established in 1988. In 2009, we contracted with the City of Laguna Beach to establish and operate its Alternative Sleeping Location emergency shelter (*Shorthand: "ASL"*), which has been in continuous operation ever since. At each shelter, clients work with a Housing Coordinator, who helps them set and achieve practical goals for permanent housing. Both shelters also provide shower and laundry facilities; all meals; assistance connecting to medical/mental healthcare; income/benefit/employment assistance; & transportation support.
 - STREET OUTREACH:
Our outreach teams meet people where they are -- whether on the beach, the street, or somewhere in between -- to engage, assess, and assist as many homeless individuals as possible. We've engaged nearly 1,000 people to date, providing housing-focused case management, successful linkages to referred services and direct submissions to the Coordinated Entry System for housing placements. We operate two types of Outreach: Street Outreach and Community Outreach. Our teams help provide access to basic services to meet individual needs, including shelter and housing connections, sack lunches, physical, mental and behavioral healthcare, transportation, social services, and individualized case management. Our street outreach team coordinates with our shelter and housing staff as well as with local police and other south Orange County service providers. Community outreach is directly

3. (Continued) Answers You Need to Know ...

associated with CalAIM, a five-year initiative by the Department of Health Care Services to improve the quality of life and health outcomes of the Medi-Cal population.

- PERMANENT HOUSING:

Friendship Shelter's Housing team works with about 200 individuals who have experienced homelessness and are now living in their permanent homes. We operate Rapid Re-Housing, Housing with Vouchers, and Permanent Supportive Housing programs. Last year, 97% of our housing tenants remained stably housed.

Rapid Re-Housing is a time-limited program (typically 6-12 months) that provides full rental assistance, deposits, utility assistance, housing location and stabilization services, limited food & transportation assistance, and referrals to community resources, agency partners, health resources, and mainstream benefits to help households maintain stability. Participants will work closely with a case manager to set housing stabilization goals and create a plan to maintain their housing.

Friendship Shelter is a contracted provider of housing navigation and supportive services for clients with housing vouchers, including at Vista del Mar – a 17-unit apartment community we operate in San Clemente. Currently, about 100 voucher clients receive ongoing, wrap-around services including day-to-day support from case managers, transportation to local resources, landlord mediation, and disability benefits when appropriate.

We provide Permanent Supportive Housing (*Shorthand: "PSH"*) at two apartment communities (14-bed Henderson House in San Clemente and 16-unit Silver Lantern in Dana Point) as well as 63 scattered units throughout southern Orange County. The program provides housing and supportive services to people who have long-term homelessness and a permanent disability. Clients pay 30% of income as rent and sign a lease similar to a market rate apartment.

- COORDINATED ENTRY SYSTEM (CES):

Since February 2021, Friendship Shelter has administered the Individual CES for the County. CES simplifies the process of seeking resources to help address housing crises by linking people in crisis to housing programs they are eligible for. People are first assessed for housing needs, then prioritized based on indicators of vulnerability before being referred to housing opportunities to help end their experience of homelessness or housing insecurity. Our CES team facilitates housing match meetings, trainings, regional partner

3. (Continued) Answers You Need to Know ...

meetings, and holds office hours for individuals experiencing homelessness. Friendship Shelter also serves as an access point for homeless individuals through our shelter & outreach programs; and as a housing provider accepting enrollments of homeless individuals matched to our housing opportunities through CES.

How does Friendship Shelter measure success?

- Friendship Shelter's focus is stable housing, and therefore achieving that is our primary measurement. We measure placements in housing and housing stability. Because income is necessary for housing in most cases, we also measure income. We also track bed utilization to ensure we are maximizing the impact of all our resources.

Who Operates Friendship Shelter?

- 130 staff members
- 20-member Board of Directors meets bi-monthly
- Volunteers provide over 15,000 hours of support annually

How are Friendship Shelter programs funded?

- 79% from government grants and contracts.
- 10% from private individuals, including events.
- 6% from foundation and corporate grants.
- 2.5% from non-gov't contracts.
- 2.5% from other sources.

What does Friendship Shelter need most?

- While we enjoy significant government, grant and contract funding, unrestricted funds provide the flexibility and capacity to constantly improve and adapt programs to ensure maximal outcomes.
- We're always grateful for donations of home appliances, hygiene supplies, and non-perishable food items. If you have any questions about making a donation, please call us at 949-494-6928.
- Volunteers are essential and we offer opportunities for families, community groups, and individuals. Many of our volunteers participate in meal preparation for one of the two shelter programs.

What would Friendship Shelter do with special funds AFTER operating needs are met?

- Establish additional permanent housing facilities.
- Strengthen organizational reserves.
- Strengthen employee well-being, especially through competitive compensation
- Explore new program models.

4. Ten Basic Responsibilities of Nonprofit Boards

Based on: "Ten Basic Responsibilities of Nonprofit Boards" Richard Ingram

1. Determine Organization's Mission and Planning
The mission statement provides the inspiration and focus for all our work.
2. Select the Executive Director
This process, together with the mandate given to the Executive Director, lays the foundation for the achievement of the mission.
3. Provide Proper Financial Management.
This involves the approval of the annual budget, planning for the long term financial health of FSI and setting appropriate internal controls.
4. Ensure Adequate Resources and Participation in Fund Raising
Involvement in fundraising is a fundamental responsibility for all Board members.
5. Ensure Legal and Ethical Integrity and Maintain Accountability
This is achieved through knowing and adhering to our bylaws, having clear organizational policies, accurate records and being up to date on laws and regulations for nonprofits.
6. Ensure Effective Organizational Planning
The Board needs clear long term goals for the way FSI should grow, both through improving and expanding present programs and providing new facilities and collaborations.
7. Recruit and Orient New Board Members and Assess performance
The energy, perspectives and competencies brought by new members are essential for the health of FSI. An annual self-assessment is an effective tool for maintaining good team work.
8. Enhance the organization's Public Standing
All Board members are informal advocates for our mission and the people we serve. Keeping our friends and our professional and social networks informed about our work is vital. (See media/press policy below # 12)
9. Determine program objectives and monitor performance
Board members with special competencies can be an important resource for staff, when so requested. Members need to keep informed about the quality and cost effectiveness of the services and programs FSI offers.
10. Support the Chief Executive and Assess His/Her Performance
A clear understanding of the difference between the purpose of the Board and that of the Executive Director will mean that a creative, lively and productive partnership can be engendered which supports him/her in the challenging task of achieving our mission. A good review process requires mutually agreed annual goals & objectives.

5. General Expectation of Board Members:

The vitality of the Board and the active participation of Members are essential to the health and the success of the entire organization. To this end, it is expected that Board Members will:

- Be aware of and committed to the mission of FSI and the Board Statement of Purpose;
- Maintain independence and objectivity, remembering member's fiduciary responsibility to the residents, supporters and the general public
- Attend Board meetings regularly;
- Belong to one Board committee/Working Group and be willing to serve as a committee chair;
- Support Friendship Shelter in a way that demonstrates that the organization is a top priority (e.g., financial gifts, time/talents, etc).;
- Pay Board Dues for expenses – presently \$100;
- Participate in fundraising and other events;
- Participate in annual Board Assessment;
- Support the fundraising activities;
- Avoid even the appearance of a conflict of interest. Sign the Annual Conflict of Interest Statement at the Annual Meeting in January; and
- Sign the Annual Commitment Statement at the January Board Meeting.

6. Meetings

Meetings are held bi-monthly. All Board matters and donor information must be kept confidential. Good decisions depend on good, substantive discussions. So please:

- Prepare for meetings by reading committee and staff reports beforehand.
- Remember that it is helpful if informational questions are asked in advance of Board meetings to allow the appropriate committee chair or staff person time to research them.

Committee and staff reports are put on the consent agenda and received without discussion unless they are pulled for questions and/or clarification. Reports requiring Board approval are put on the agenda as a separate item. This allows the Board to focus on the major topics for the evening.

7. Board Committees and Working Groups

Committees assist the Board by serving in three ways:

1. In exercising governance oversight and informing and making recommendations to the Board to improve the quality and efficiency of Board decision making.
2. In being vehicles for organizing and focusing Board fundraising and development efforts.
3. In being important sources of expertise and advice to staff as needed.

FSI standing committees are chaired by a member of the Board. Members may include Board members, and non-board members who have pertinent experience or expertise (except Executive, Governance). Committee reports are submitted to the full Board prior to each Board meeting. Committee chairs refer to the Board all matters requiring Board action and/or attention. Standing Committees are doing work that requires them to make recommendations for Board action.

Additionally, there are Work Groups. These are project oriented, and their membership is not restricted but is based on the requirements of the particular project.

Standing Committees

Audit

- Ensures/oversees the independent annual audit
- Works with the ED and the Director of Finance who are the staff liaisons

Executive

- Composed of officers and committee chairs.
- Acts as the steering committee of the Board, developing major strategies with and providing guidance to the ED
- Reviews ED performance & compensation, and recommends Board actions
- Acts on behalf of the full Board to the extent appropriate and as authorized by the Bylaws.
- Works with the Executive Director who is the staff liaison, and other senior staff as needed.

Finance

- Chaired by the Treasurer
- Ensures that appropriate accounting systems, financial controls, and financial risk management programs are in place
- Recommends approval of the annual budgets to the Board, ensuring a balanced program of fund development
- Reviews and recommends approval of financial statements and tax returns
- Serves as an accounting and finance resource as needed

- Works with the CFO/Director of Finance who is the staff liaison

Governance

- Recruits, orients and nurtures new board members
- Conducts or oversees annual board self-evaluation
- Assesses, develops and nominates individuals for board leadership roles
- Studies current theories in board practice and proposes appropriate changes
- Oversees the governance document (bylaws) and vets any proposed changes

Communications

- Sets and evaluates initiatives in telling Friendship Shelter's story.
- Advises staff on marketing, communication and media relations.
- Oversees completion of strategic priorities related to marketing and communication.
- Works with the Director of Development and Marketing who is the staff liaison

Housing & Real Estate

- Composed of experts in real estate development, architecture, finance, legal, advocacy, government and/or other relevant fields.
- Assesses FSI's future needs for housing growth, and seeks real estate opportunities to grow Friendship Shelter's housing stock.
- Advises staff on property assessment, budget/pro-forma development, renovation/architecture, financing, and negotiation of purchase/lease.
- Works with the Chief Operating Officer and the Director of Housing, who are the staff liaisons.

8. Nomination of New Board Members

The Governance Committee oversees the recruitment and nomination of new Board members. The process for doing so is outlined in a separate document, "Nominating Process for New Board Members," included as an appendix to this manual. Board members wishing to put a name forward for consideration **should not mention this to the prospective candidate in the first instance**. They should contact the Chair of the Governance Committee or Executive Director and provide background information.

Unsolicited requests to join the Board are referred to the Governance Committee.

Appendix A

Mission, Vision and Values



VISION

Adopted November 16, 2015

***Ending the burden of homelessness in
Southern Orange County, one person at a time.***

MISSION

Adopted July 21, 2009

***Friendship Shelter helps homeless adults achieve self-sufficiency and
become more productive members of our community.***

Statement of Values

Adopted May 19, 2009

We value **compassion** and **acceptance**. We believe every person has inherent value. We know that individuals thrive in an environment that emphasizes empowerment and redemption.

We value **responsibility**. We nurture self-sufficiency. As an organization, we hold ourselves accountable for the efficient and effective use of resources.

We value **integrity**. We demonstrate respect for our program participants, supporters and employees through honesty, consistency and kindness

We value **creativity** and **flexibility**. We employ a structured, multifaceted approach that honors the unique path of each program participant.

We value **community**. We foster open communication and collaboration. We welcome community involvement.

Appendix B

Bylaws

FOURTH RESTATED AND AMENDED BYLAWS
OF
FRIENDSHIP SHELTER, INC.
a California nonprofit public benefit corporation
adopted as of November 19, 2019

ARTICLE 1
NAME

The name of this corporation is Friendship Shelter, Inc. The Corporation is a California nonprofit public benefit corporation.

ARTICLE 2
DEFINITIONS

The following words and terms, as used in these Bylaws, shall have the following meanings, unless the context shall clearly indicate otherwise:

- A. “Corporation” shall mean and refer to Friendship Shelter, Inc.
- B. “Board” shall mean and refer to the Board of Directors of the Corporation.

ARTICLE 3
OFFICES

Section 1. Principal Office

The principal executive office, and the principal office for the transaction of the business, of the Corporation shall be at such location as the Board may determine. The Board may change the principal office from one location to another.

Section 2. Other Offices

The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

ARTICLE 4
OBJECTIVES AND PURPOSES

Section 1. Purposes

This Corporation is a nonprofit public benefit corporation and is not organized, and shall not be operated, for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes. The specific purposes of the Corporation are to:

- provide temporary shelter and services for homeless persons;
- provide permanent housing and services for formerly homeless persons;
- assist homeless persons able to care for themselves to become independent and self-sufficient; and
- provide any other activities that the Board deems appropriate in working to end homelessness in South Orange County.

Section 2. Dedication of Assets

The properties and assets of this Corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of this Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any director or officer of this Corporation. On liquidation or dissolution, all properties, assets and obligations shall be distributed pursuant to the nonprofit provisions of the California Corporations Code then in effect and can be used only for purposes aligned with the stated purposes of the Corporation.

ARTICLE 5
DIRECTORS

Section 1. Powers

A. General corporate powers. The affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

B. Specific powers. Without prejudice to any general powers, and subject to the same limitations as general powers, the Board shall have the power to:

(i) Select and remove the Executive Director and fix his or her compensation.

(ii) Select and remove any directors and prescribe any powers and duties for any of them that are consistent with law, the Articles of Incorporation, and these Bylaws. Removal of any director shall occur only pursuant to the provisions of Section 4.C of this Article 5.

(iii) Change the principal executive office or the principal business office from one location to another within the State of California; cause the Corporation to be qualified to operate, and to operate, within or outside the State of California; and designate any place within or outside the State of California for the holding of any meetings.

(iv) Adopt, use and alter a corporate seal, a logo, and the form of any membership certificates.

(v) Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

(vi) Establish educational and community programs to achieve the goals described in Article 4 of these Bylaws.

(vii) Establish and operate other programs and facilities to further the charitable purposes of the Corporation.

(viii) Solicit funds for the Corporation's charitable purposes.

Section 2. Number and Qualification of Directors

A. Authorized number of directors. The authorized number of directors shall be a minimum of 15 and a maximum of 30.

B. Qualifications of directors.

(i) Qualifications and duties. Each member of the Board shall be elected as an individual. However, the Board acts as a body in its deliberations and decision making. Each Board member must accept the Corporation's purposes and mission as reflected in these Bylaws and other resolutions as adopted by the Board and ensure that those purposes and mission are reflected in his or her decisions. Responsibilities of individual Board members begin with regular attendance at, and active participation in, the Board meetings. Members are expected to attend all Board meetings that their schedules permit. Members are also obligated to become knowledgeable about the Board's work, be prepared to ask thoughtful and discerning questions at those meetings, and participate in and contribute to the work of the Board's committees.

(ii) Restrictions on interested directors. No more than 20 percent of the persons serving on the Board may be interested persons. An interested person, for purposes of this paragraph, is (a) any person compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise; and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of such person.

However, any violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 3. Term of Office of Directors

The term of office of each director shall be three years. A director may be elected for a second consecutive term. The director must then be off the Board for no less than one year before he or she can be elected for a new term, provided, however, that a director's term shall not be interrupted during the time he or she serves as an officer, and a Past President's term shall not be interrupted during the one-year period after he or she has served as President.

Section 4. Vacancies

A. Events causing vacancy. A vacancy in the Board shall be deemed to exist on: (i) the death, resignation or removal of any director; or (ii) an increase of the number of authorized directors. No vacancy in the Board is required to be filled unless the number of sitting Board members is less than the minimum authorized number of directors.

B. Resignations. Any director may resign, which resignation shall be effective on the President's receipt of written notice, unless the notice specifies a later time for the resignation to become effective.

C. Removal. Any director may be removed, with or without cause, by the vote at a special or regular meeting of a majority of all Board members, provided that notice of any special meeting is given as provided in Section 7.B of this Article 5.

D. No vacancy on reduction of number of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 5. Place of Meetings and Remote Attendance

Regular meetings of the Board may be held at any place within the County of Orange that is designated before the meeting by the Executive Director or the Board in sufficient time to allow the directors reasonable time to prepare for and attend the meeting. Any director may participate in any meeting by conference telephone or other communication device, so long as all directors participating in the meeting can hear one another. All directors participating in a meeting from another location shall be deemed to be present in person at such meeting.

Section 6. Dates of Regular Meetings

Regular meetings of the Board shall be held every other month on such date or dates as the Board may designate and at times that the Board or Executive Director may designate. No director may be removed from office at a regular meeting unless notice of the proposed removal has been given in the manner provided for notice of special meetings.

Section 7. Special Meetings

A. Authority to Call. Special meetings of the Board for any purpose may be called at any time by the President or by 25 percent of all other directors.

B. Notice.

(i) Manner of giving. Notice of the time and place of special meetings shall be given in writing to all directors by email or, only if a director's email address is unavailable, either by personal delivery, first-class mail postage paid, or telephone to the director or his or her voice messaging system. All such notices shall be given or sent to the director's current email address, mailing address or telephone number as shown on the records of the Corporation.

(ii) Time requirements. Notices given by email, personal delivery or

telephone shall be delivered or telephoned at least 48 hours before the date and time of the meeting. Notices sent by first-class mail shall be deposited into a United States mail box at least four days before the date and time of the meeting.

(iii) Notice contents. The notice shall state the time and place for the meeting and the specific purpose or purposes of the meeting.

Section 8. Quorum

A majority of all directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 10 of this Article 5. Every act or decision by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, subject to the provisions of the California Nonprofit Corporation Law, especially those provisions relating to (i) approval of contracts or transactions in which a director has a direct or indirect material financial interest; (ii) appointment of committees; and (iii) indemnification of directors, officers or other agents and subject to the provisions of these Bylaws.

Section 9. Waiver of Notice

The transactions of any meeting of the Board, however called and noticed and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each director not present signs a written waiver of notice or consent to holding the meeting or votes to approve the minutes of that meeting. The waiver of notice or consent shall specify the purpose or purposes of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed properly given to any

director who attends the meeting without protesting before or at its commencement that he or she did not receive proper notice.

Section 10. Adjournment

A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. If the adjournment is not to the next regularly scheduled meeting, notice of the adjourned meeting shall be given in the manner provided for notice of special meetings.

Section 11. Action Without Meeting

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to that action, provided, however, that the consent of any director who has a material financial interest in a transaction to which the Corporation is a party and who is an “interested director”, as defined in Section 5233 of the California Corporations Code, shall not be required for approval of that transaction. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the Board.

Section 12. Fees and Compensation of Directors

Directors and members of committees shall not receive compensation for their services. However, a director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

ARTICLE 6 COMMITTEES

Section 1. Committees of Directors

The Board may, by resolution adopted by a majority of the directors, designate one or

more committees, each consisting of at least one director, to serve at the pleasure of the Board. Any such committee shall act in an advisory capacity only and shall have no authority to act as or on behalf of the Board.

Section 2. Meetings and Actions of Committees

The dates and times for any meeting of a committee may be determined either by the Board or by the committee. All directors shall have the right to attend all meetings of committees. The Board or any committee may adopt rules for the governance of any committee consistent with the provisions of these Bylaws.

ARTICLE 7 OFFICERS

Section 1. Officer Names

The officers of the Corporation shall be the Executive Director/Chief Executive Officer, Finance Director/Chief Financial Officer, President, Secretary and Treasurer. The Corporation may also have, at the discretion of the Board, a President-Elect, Vice President, one or more assistant secretaries, assistant treasurers, and such other officers as may be elected in accordance with this Article 7. With the approval of the Board, any person may hold any number of offices concurrently, except that the President may not serve concurrently as any other officer.

Section 2. Election of Officers

The officers who are members of the Board shall be elected annually or, in the event of a vacancy, at any meeting of the Board, provided that the President may be elected one year before taking office for a term of two years, in which case she or he shall serve as President-Elect during the year before she or he becomes President. Each officer who is a member of the Board shall serve at the pleasure of the Board.

Section 3. Qualification and Term of Office

Any member of the Board may serve as President, President-Elect, Vice President, Secretary, Treasurer or any other officer, except for Executive Director or Finance Director, as the Board may approve. The Executive Director and Finance Director may not serve as any other officer. Any person who is not a member of the Board may serve as any officer other than President, President-Elect, Vice President, Secretary or Treasurer. Except as provided in Section 2 of this Article 7, each officer who is a member of the Board shall hold office for a term of one year but may be elected to two additional consecutive one-year terms of the same office.

Section 4. Removal of Officers

Subject to the rights, if any, of an officer under any contract of employment,

- A. The Executive Director and any officer who is also a director may be removed, with or without cause, by a majority vote of the Board members present at any regular or special meeting of the Board, provided a quorum is present; and
- B. All other officers may be removed, with or without cause, by the Executive Director. The Finance Director may be removed from office without terminating his or her employment.

Section 5. Resignation of Officers

Any officer may resign at any time by giving written notice to the President. Any resignation shall take effect on the date of receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

Section 6. Vacancies in Offices

A vacancy in any office because of an officer's death, resignation, removal, disqualification, or any other reason shall be filled only in the manner consistent with these Bylaws for regular appointments to that office.

Section 7. Responsibilities of Officers

A. Executive Director and Chief Executive Officer. The Executive Director and Chief Executive Officer shall, subject to control by the Board, supervise, direct and control the day-to-day business, activities, operations and affairs of the Corporation, including the employees, staff and other personnel. The Executive Director shall have such other powers and duties as may be prescribed by the Board.

B. President. The President shall, subject to control of the Board, supervise, direct, and control the officers who are members of the Board. The president shall also serve as Chair of the Board and shall preside over meetings of the Board and of any committees on which he or she may serve. In the absence of the Secretary, the President shall also perform the duties of the Secretary. The President shall have such other powers and duties as the Board may prescribe.

C. President-Elect. In the absence of the President, the President-Elect, if any, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The President-Elect shall have such other powers and duties as the Board may prescribe.

D. Vice President. In the absence of the President and the President-Elect, if any, the Vice President, if any, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall

have such other powers and duties as the Board may prescribe.

E. Secretary. The Secretary shall sign certifications as to the authenticity of all resolutions of the Board and all other documents that require the signature of the Secretary. In the absence of the President, the President-Elect if any, and the Vice President if any, the Secretary shall also perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Secretary shall have such other powers and duties as the Board may prescribe.

F. Finance Director and Chief Financial Officer. The Finance Director and Chief Financial Officer shall be responsible for performing the following duties:

(i) Books of account. The Finance Director shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any director at all reasonable times.

(ii) Deposit and disbursement of money and valuables. The Finance Director shall cause to be deposited all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall cause to be disbursed the funds of the Corporation as may be ordered by the Executive Director or the Board; shall render to the President and the Board, whenever either requests it, an account of all transactions as Finance Director and of the financial condition of the Corporation; and shall have such other powers and duties as the Board may prescribe.

(iii) Bond. If required by the Board, the Finance Director shall provide the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his or her office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his or her possession or under his or her control on his or her death, resignation, retirement, or removal from office.

G. Treasurer. The Treasurer shall work with the Finance Director in support of the Finance Director's duties. In the absence of the President, the President-Elect if any, the Vice President if any, and the Secretary, the Treasurer shall also perform all the duties of the President and the Secretary, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Treasurer shall have such other powers and duties as the Board may prescribe.

ARTICLE 8 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

Section 1. Right of Indemnity

To the fullest extent permitted by law, the Corporation shall indemnify its directors, officers, employees, and other persons described in Section 5238(a) of the California Corporations Code.

Section 2. Approval of Indemnity

On written request to the Board by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Corporations Code, the Board shall promptly determine under Section 5238(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the

Board shall authorize indemnification.

Section 3. Advancement of Expenses

To the fullest extent permitted by law, and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under Sections 1 and 2 of this Article 8 in defending any proceeding covered by those sections shall be advanced by the Corporation before final disposition of the proceeding, contingent on prior receipt by the Corporation of an undertaking by or on behalf of that person, and in form and substance acceptable to the Board, that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance

The Corporation is authorized to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's, or agent's status as such.

ARTICLE 9 RECORDS AND REPORTS

Section 1. Maintenance of Corporate Records

The Corporation shall keep:

- A. Adequate and correct books and records of account; and
- B. Written minutes of the proceedings of the Board and, if taken, minutes of committees of the Board.

Section 2. Maintenance and Inspection of Articles and Bylaws

The Corporation shall keep at its principal executive office the original or a copy of the

Articles of Incorporation and Bylaws, as amended to date, which shall be open to inspection at all reasonable times during office hours.

Section 3. Inspection by Directors

Every director shall have the right at any reasonable time during normal office hours to inspect the Corporation's books, records, documents and physical properties for a legitimate business purpose of the Corporation. A written request for inspection shall be made to the Executive Director. The inspection may be made in person or by the director's agent or attorney. The right of inspection includes the right to make copies and to receive electronic copies, if existing, and physical copies upon payment of reasonable copying expenses.

Section 4. Annual Reports

The Finance Director/Chief Financial Officer shall cause an unaudited annual report to be provided to the directors within 120 days after the end of the Corporation's fiscal year. Any audited annual financial report may be provided to the directors when reasonably feasible.

Annual reports shall contain the following information, in appropriate detail, for the fiscal year:

- A. The assets and liabilities, including the trust funds, of the Corporation as of the end of the fiscal year;
- B. The principal changes in assets and liabilities, including trust funds;
- C. The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes.
- D. The expenses or disbursements of the Corporation for both general and restricted purposes; and
- E. Any information required by Section 5 of this Article 9.

Any audited annual financial report shall be accompanied by any report on it prepared by independent accountants. Any unaudited annual report shall include the certificate of the Finance Director/Chief Financial Officer or, in his or her absence, the Treasurer or another officer who is a director that the statements in it were prepared without audit from the Corporation's books and records.

Section 5. Annual Statement of Certain Transactions and Indemnifications

As part of any annual report, the Finance Director/Chief Financial Officer shall prepare and provide to each director a statement of any transaction or indemnification of the following:

A. Any transaction (i) in which the Corporation or any parent or subsidiary was a party; (ii) in which any officer or director had a direct or indirect material financial interest; and (iii) which involved more than \$50,000, or was one of a number of transactions with the same officer or director involving, in the aggregate, more than \$50,000. The statement shall include a brief description of the transaction, the names of any officers or directors involved, their relationship to the Corporation, the nature of their interest in the transaction, and, if practicable, the amount of that interest, provided that, if the transaction was with a partnership in which an officer or director was a partner, only the interest of the partnership need be stated.

B. Any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to, or on behalf of, any officer or director under Article 8 of these Bylaws, unless that indemnification has already been approved by the Board under Section 5238(e)(2) of the California Corporations Code.

ARTICLE 10
FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year unless otherwise determined by resolution of the Board.

ARTICLE 11
CONSTRUCTION AND DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Any reference to a law or statute includes any successor to such law or statute. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both the Corporation and a natural person.

ARTICLE 12
AMENDMENTS

New bylaws may be adopted, or these Bylaws may be amended or repealed, by approval of no less than two-thirds of all directors of the Board.

CERTIFICATE OF SECRETARY

I, the undersigned, certify that I am the presently elected and acting Secretary of Friendship Shelter, Inc., a California nonprofit public benefit corporation, and the above Fourth Restated and Amended Bylaws are the bylaws of this Corporation as adopted at a meeting of the Board of Directors held on November 19, 2019.


Douglas Wilson, Secretary

Appendix C

Media Policy

FRIENDSHIP SHELTER POLICY RELATED TO THE MEDIA

Now and then, a member of the media might call with questions about Friendship Shelter programs. They may also call to inquire about activities reported in the police blotter.

It is the policy of Friendship Shelter that only designated directors speak to the media on behalf of Friendship Shelter, Inc.

- All staff and volunteers are asked to keep in mind that no one should ever respond to any questions from the media on anything to do with any of Friendship Shelter's programs, activities or residents.
- Board members are also urged to make contact with the Executive Director before responding to any media inquiry.
- Residents are advised never to speak with a member of the media without checking with their case manager and/or the Executive Director.

If a question comes by phone or email from a member of the media, do not respond – say only that you are not in a position to answer questions and that you will ask the appropriate person to respond. Do not even answer what seems like a harmless question, like who is the President of the Board or how many residents live here or how long we've been in operation. If a member of the media is asking questions, there is a reason, so it is important not to engage in any dialogue which might inadvertently become a quote. And, as our programs continue to evolve, you may never be certain of the correct information. If you see a colleague has spoken to the media, do not assume that you are also cleared or encouraged to do so.

If the media makes contact, please take the following action:

- Take their contact information, including what newspaper or media they represent.
- If they specify what they are calling about, please make note of that as well.
- Respond only that a spokesperson will get back to them.
- Immediately email that contact and inquiry information to these directors:
 - Dawn Price, Executive Director: dprice@friendshipshelter.org
 - Kristin Points, Director of Development and Marketing: kpoints@friendshipshelter.org
- If the media request an immediate answer, please call these directors in this order until you've made contact and also leave a voice mail.
 1. Dawn Price, Executive Director: (949) 494-6928 X229 or (949) 371-1996
 2. Kristin Points, Director of Development and Marketing: (949) 494-6928 X227 or (949) 610-9869
- Please make note in the log with the name and contact information for the media representative – when he or she called and any other pertinent information.

Note: From time to time, the Executive Director or Director of Development and Marketing may ask you to speak on behalf of Friendship Shelter or one of its programs. You are not required to do so, but if you agree, please take the time to understand the organization's goals and any messaging strategy that may be in place for the topic on which you are being interviewed.

Appendix D

Conflict of Interest



Friendship Shelter, Inc.

Conflict of Interest Policy

As a nonprofit, tax-exempt organization, Friendship Shelter, Inc. (the "Shelter") depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the IRS, as well as state corporate and tax officials, view the operations of the Shelter as a public trust which is subject to scrutiny by and accountability to such governmental authorities as well as to members of the public.

Consequently, there exists between the Shelter and its Board, officers, and management personnel a fiduciary duty which carries with it a broad and unbending duty of loyalty and care. The Board, officers, and management personnel have the responsibility of administering the affairs of the Shelter honestly and prudently, and of exercising their care, skill, and judgment for the sole benefit of the Shelter. Those persons shall exercise good faith in all transactions involved in their duties, and they shall not use their positions with the Shelter or knowledge gained therefrom for their personal benefit. The interests of the organization must have the first priority in all decisions and actions.

This statement is directed not only to directors and officers, but to all employees and volunteers who can influence the actions of the Shelter. For example, this would include all who make purchasing decisions, all other persons who might be described as "management personnel," and all who have proprietary information concerning the Shelter.

Conflicts of interest may arise in the relations of directors, officers, volunteers, and management personnel with any of the following third parties ("Related Parties"):

1. Persons and firms supplying goods and services to the Shelter.
2. Persons and firms from whom the Shelter leases property and equipment.
3. Persons and firms with whom the Shelter is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property.
4. Competing or affiliate organizations.
5. Donors and others supporting the Shelter.
6. Agencies, organizations, and associations which affect the operations of the Shelter.
7. Family members, friends, and other employees.
8. Other third parties who deal with the Shelter.

A Material Conflicting Interest may occur when a director, officer, or management employee has as a direct or indirect interest with Related Parties. Such an interest might arise through:

1. Owning stock or holding debt or other proprietary interests in any Related Party.
2. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any Related Party.
3. Receiving remuneration for services with respect to individual transactions involving the Shelter.



4. Using the Shelter's time, personnel, equipment, supplies, distribution lists, databases, or goodwill for activities, programs, and purposes other than those approved by the Board, except that minor, reasonable use is allowable at the discretion of the Executive Director or the Board.

5. Receiving personal gifts or loans from any Related Party. Receipt of any gift is disapproved, except gifts of nominal value which could not be refused without discourtesy. No personal gift of money should ever be accepted.

The areas of conflicting interest listed, and the relations in those areas which may give rise to conflict, are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the Directors, officers, and management employees will recognize such areas and relation by analogy.

The fact that one of the interests described above exists does not mean necessarily that a conflict exists, or that the conflict, if it exists, is material, or if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of the Shelter.

However, it is the policy of the Board that the existence of any of the interests described shall be disclosed immediately. It shall be the continuing responsibility of the Board, officers, and management personnel to scrutinize such transactions and other business interests and/or relationships for potential conflicts and to immediately make such disclosures.

Disclosures should be frank and complete. Transactions with Related Parties may be undertaken only if all of the following are observed:

1. A Material Conflicting Interest is fully disclosed to the appropriate Shelter representative(s), as set forth below;
2. The Related Party is excluded from the Board's discussion and approval, if any, of the transaction involving the Material Conflicting Interest;
3. A competitive bid or comparable valuation exists (if applicable); and
4. The Board has determined that the transaction is in the best interest of the organization.

Disclosure involving employees and non-Board personnel should be made to the Chief Executive Officer, President or Chairman of the Board, who shall initially determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the Board. If the Chief Executive Officer, President or Chairman of the Board is the one with the conflict, disclosure should be made to one of the other aforementioned offices, who shall initially determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the Board.

The Board shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Shelter. The decision of the Board on these matters will rest in their sole discretion, and their concern must be the welfare of the Shelter and the advancement of its purpose.



Friendship Shelter, Inc.

Conflict of Interest Disclosure Form

This form must be completed annually by all members of the Board of Directors, officers, and management personnel in compliance with the Friendship Shelter, Inc. Conflict of Interest Policy.

_____ I have no conflict of interest to report

_____ I have the following conflict of interest to report (please specify):

The undersigned, by their affixed signature, note their understanding of the implications of this policy.

Signature

Printed Name

Date

Appendix E

Board Commitment



Friendship Shelter, Inc.

Board of Directors

Board Membership Commitment

As a member of the Board of Friendship Shelter, Inc., I understand that my duties and responsibilities include the following:

1. I am expected to know and support all policies and programs approved by the Board, and to oversee their implementation.
2. It is my duty to have sufficient knowledge of the budget and to take an active role in planning and raising the funds needed for the operation of Friendship Shelter.
3. I agree to:
 - Endeavor to attend all Board meetings and the annual Board retreat.
 - Serve on at least one committee and endeavor to attend all such committee meetings.
 - Pay annual Board dues of \$100.
4. I understand board members are expected to support Friendship Shelter in a way that demonstrates that the organization is a top priority for me. This includes a financial gift that is financially significant to me, a robust commitment of time and talents, and a willingness to engage annually in a discussion about my plans and abilities for supporting Friendship Shelter
5. I understand that each Board member is a team player and that a high level of trust and respect for other Board members is necessary. It is important to recognize that Board members have differing contributions and that keeping the team focused and well coordinated requires consultation with the Board officers and the Executive Director.
6. I understand that there is an annual self-assessment to assist in improving Board efficiency and each member's satisfaction in performing his or her services.

I find all of the above reasonable for the operation of the Board of Directors and acceptable to me as a Board member of Friendship Shelter, Inc. If I fail to fulfill any of these items, then I will be subject to removal from the Board.

Name (please print)

Signature

Date

Appendix F

Process for Nominating New Board Members



Board of Directors Nominating Process for New Members

One of the charges of the Governance committee is recruiting and keeping new Board Members. Below is the process the committee approved.

1. During September and October of each year, Board members are encouraged to suggest names as well as the attributes of potential new Board members to the Governance committee. Board members should NOT themselves approach potential new Board members about joining FSI's Board until the Governance Committee has first preliminarily vetted the potential new Board member. .
2. The Governance committee assesses which Board members "term out" over the next few years, the skill sets needed by the Board in the future, and the number of new Board members needed to reach an ideal number of members. Additionally, the Governance committee identifies those current Board members who have Leadership capabilities and an interest to fill future Officer roles. The Executive Director participates in these committee discussions, and the Governance committee may solicit input from the Executive committee or the full Board.
3. Using the data collected in item number 2, the Governance committee determines what specific attributes are needed by the Board to fill those vacancies. The Governance committee then matches the list of potential candidates with the needs of the Board and prioritizes whom to invite to join the Board. The Executive Director participates in these committee discussions, and the Governance committee may solicit input from the Executive committee or the full Board.
4. During January and February of the following year, the Governance committee meets or phones each potential Board member to discuss joining FSI. The committee has a "packet" of information to share with these candidates. The "packet" includes:
 - a. FSI's Mission statement, Vision statement and Values statement
 - b. The Board financial commitment statement
 - c. The Board conflict of interest statement
 - d. The Board term length and term limits
 - e. The role of a Board member

f. The current Board roster and sitting committees

If asked, the Governance committee has a copy of a financial statement and an overview of the programs FSI runs.

5. After the initial interview with each potential Board member, meetings are set up with the Executive Director and Board President to assess each candidate.
6. The Governance committee will present its recommendations regarding potential new Board members to the Board in at the March meeting. The Board will vote on all new Board members at the beginning of the March Board meeting. Admitted Board members will then be introduced to the current Board and participate in the balance of the meeting.
7. The Governance committee with the help of the Executive Director and Senior Staff holds a new Board member orientation including the Board Handbook at the earliest convenience, following induction of the new Board members. If possible, there shall also be a tour of the four facilities, also open to other Board members.
8. The new Board member is paired with a “Buddy”, a current Board member, to answer questions and assist the new Board member’s integration into the Board. Each Buddy has a document that explains his or her job responsibilities.
9. The Executive Director plans to meet regularly with each new Board member.
10. The Governance committee by the end of that following year interviews the new Board members, in person. This is used to determine the new Board member’s unknown talents and interests as well as unmet needs. If possible, the new Board members are placed on a Board committee within six months of joining the board.
11. There, of course, can be exceptions to the above timeline if situations arise.

2024 Budget

Friendship Shelter Approved 2024 Budget

Background and Goals

The 2024 Friendship Shelter Draft Budget was a challenge to develop and understand as FSI incorporates new program resources while striving to ensure that its administrative infrastructure is appropriately sized to support an increasingly complex organization with funding sources that place unprecedented demands on compliance, finance and technology. Key issues in developing this budget included:

Supporting Administrative Growth

Five years ago, in January 2019, we adopted a \$4.8 million budget. In 2024, we are anticipating a \$13.3M budget. This growth is fueled by a 315% increase in program revenue. Every dollar of that revenue carries with it administrative requirements (financial, compliance, human resources, etc). During this same period, we increased our administrative budget from \$875K in 2019 to \$1.5M in 2024 (just a 71% increase). We worry that we have not increased administrative spending at the rate necessary to incorporate the program growth – but program funding typically provides, at most, 10% administrative support.

Fundraising can help with this burden, but we recognize it is unrealistic to expect fundraising to increase as sharply as program revenue has grown. While our fundraising projection has increased 80% during this same five-year period, from \$1M in 2019 to \$1.8M in our current budget, our administrative needs are greater than our fundraising can currently support.

Unfunded program needs

Even with the sharp program growth trend, most programs continue to operate at losses that must also be made up with fundraising dollars. Direct program management costs (not considered administrative) make up the biggest portion of this, but in general nearly every program creates a \$50-\$150K gap that needs to be filled with private support.

Challenges and Opportunities in Fundraising

For all of the challenges we encountered this year related to reaching and communicating with our individual donors, the year ended well and we felt confident in projecting fundraising growth. We are adding a second, more social event toward the end of the year to mimic the impact of our previous fundraising gala without its hefty cost. We are encouraged by the ongoing growth of our leadership giving program and eager to continue to nurture that support. We have encouraging feedback from one of our foundation partners that a special gift toward our Home For Good campaign that

will provide a needed boost as other foundations shift their funding priorities. We anticipate adding an executive assistant to provide much-needed administrative support to our board, fundraising and senior leadership functions. And, we turned lemons into lemonade by reducing planned mailing and printing expenses after realizing that direct mail isn't having the reach that it used to provide.

Cash Management

When non-cash expenses are added back, the budget is cash-positive by nearly \$55K. However, we will be spending cash received in 2023 on renovations for the La Vista Inn motel project. Overall, as our budget increases our day-to-day cash needs also increase, and we are faced with ongoing cash flow concerns; cash flow projections place cash on hand under the minimum reserve of 1.2 million every month but January. Our \$500K line of credit is a cushion available if needed. For this reason, we have limited capitalized expenses that we would have otherwise scheduled for this year, including \$31K in networking/technology upgrades and \$41K in renovations to Henderson House. We hope to seek targeted funding for these initiatives.

Employee Compensation, Equity and Well-Being

You may recall that last year, we succeeded in raising wages across the board with a focus on entry-level compensation. Importantly, we also resisted increasing employee caseloads or other work responsibilities to afford these increases to avoid sacrificing employee well-being. This year, we had hoped to fund a 4% increase in compensation overall. And, we had hoped – working at the encouragement of board leadership – to address senior leadership compensation levels. While we were able to increase compensation by 3% across all positions, we were unable to fully meet our goals in this area. We also chose to defer training and conference attendance that we had hoped to include.

Making Room for Growth

In December alone, we added more than 20 employees due to program growth. Many of these program employees are based at the administrative office as programs like regional care coordination and enhanced case management do not tie to specific sites. These employees benefit from time in the office together for case conferencing, must have secure, dedicated network connectivity for HIPAA compliance, and the leaders in these programs need private space for handling client and employee issues. All of this creates an urgent need for more office space and for space that is differently configured. Fortunately, there is available space adjacent to our current administrative offices that can be configured to suit our needs, and that space (along with furniture and equipment) is included in this budget.

Process

Friendship Shelter's 2024 budget process builds on our finance and program teams' work over the last several years to ensure that budgeting accommodates our organization's increasingly complex funding structure. Program revenue and expenses, administrative expenses, and fundraising and grant revenue are all analyzed line-by-line and month-by-month. Fundraising projections were made independent of overall organizational expenses (in other words, we did not create fundraising goals to fix the budget).

FRIENDSHIP SHELTER, INC.
2024 BUDGET
SUMMARY

2024 Budget Summary								
	ADMIN	PROGRAM			FUNDRAISING			
	Admin Total	Program Management Total	Programs Total	Projects Total	Special Events & All Giving	TOTAL 2024 Budget	Actuals as of Dec 31, 2023	Incr / (Decr) vs 2023
# Beds	-	-	197	-	-	197	185	12
REVENUE								
Individual Giving	-	-	-	-	1,200,000	1,200,000	1,046,309	153,691
Foundation and Corporate Grants	-	-	-	-	635,500	635,500	4,301,117	(3,665,617)
Client Rents	-	-	216,050	-	-	216,050	202,300	13,750
Other Income (Laundry and Interest)	100,650	-	592	-	-	101,242	34,809	66,433
Gov't Grants and Contributions	447,799	455,102	6,841,602	3,195,374	-	10,939,877	7,635,055	3,304,822
2024 Total Revenue	548,449	455,102	7,058,244	3,195,374	1,835,500	13,092,669	13,219,589	(126,921)
% of Total Revenue	4%	3%	54%	24%	14%	100%		
EXPENSE								
Employee Expense	1,130,928	1,189,001	4,017,426	1,528,484	-	7,865,839	5,850,044	2,015,795
Program Expense	1,050	-	726,399	694,373	15,000	1,436,822	702,464	734,358
Other Personnel	55,735	12,815	49,992	153,865	-	272,407	327,085	(54,678)
Non Personnel	52,575	22,389	133,536	44,395	-	252,894	267,003	(14,109)
Occupancy Expense	44,492	28,246	2,549,223	68,357	-	2,690,318	2,328,798	361,521
Travel & Meeting Expense	63,679	2,153	78,284	67,601	-	211,717	182,784	28,933
Depreciation	71,755	-	136,427	-	-	208,182	192,563	15,619
Interest	-	-	53,143	-	-	53,143	53,143	-
Misc Expense (taxes, gen. insurance, dues, development...)	112,219	22,500	104,637	33,143	35,500	307,999	307,593	406
2024 Total Expense	1,532,432	1,277,104	7,849,069	2,590,218	50,500	13,299,322	10,211,477	3,087,845
% of Total Expense	12%	9.60%	59.02%	19.48%	0.38%	100.00%		
2024 Net Income	(983,983)	(822,001)	(790,825)	605,156	1,785,000	(206,653)	3,008,113	(3,214,766)
add non-cash items								
+ depreciation	71,755	-	136,427	-	-	208,182	192,563	15,619
+ non-cash interest	-	-	53,143	-	-	53,143	53,143	-
2024 Operating Cash Flow	(912,228)	(822,001)	(601,255)	605,156	1,785,000	54,672	3,253,819	(3,199,147)

FRIENDSHIP SHELTER, INC.
2024 BUDGET
DETAILED

2024 Budget Detail																								
	ADMIN	PRGM SUPPORT	PROGRAMS											PROJECTS						FUNDRAISING		TOTAL 2024 Budget	Actuals as of Dec 31, 2023	Incr / (Decr) vs 2023
	Admin	Program Management	BHP	ASL - Emergency Shelter w/ Day Pgm	Permanent Housing	HUD PSH 1	HUD B1	HUD B2	Total HUD PSH	Henderson House (TAY Housing)	VDM	La Vista	Outreach	Coordinated Entry System (CES)	Project C	RRH	Regional Care Coord.	915 CalAIM	612 Special Events	711 All Giving				
# Beds			42	45		21	41	17	79	14	17											197	185	12
REVENUE																								
Individual Giving	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375,000	825,000	1,200,000	1,046,309	153,691	
Foundation and Corporate Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	635,500	635,500	4,301,117	(3,665,617)	
Client Rents						35,500	67,000	24,000	126,500	22,000	57,800	9,750		-	-	-	-	-	-	-	216,050	202,300	13,750	
Other Income (Laundry and Interest)	100,650	-	70	-	-	-	-	-	-	222	300		-	-	-	-	-	-	-	-	-	101,242	34,809	66,433
Gov't Grants and Contributions	447,799	455,102	1,450,489	640,590	1,344,656	570,469	1,258,484	532,308	2,361,261	140,260	319,762	161,685	422,898	437,346	335	359,239	932,175	1,466,279	-	-	10,939,877	7,635,055	3,304,822	
2024 Total Revenue	548,449	455,102	1,450,559	640,590	1,344,656	605,969	1,325,484	556,308	2,487,761	162,482	377,862	171,435	422,898	437,346	335	359,239	932,175	1,466,279	375,000	1,460,500	13,092,669	13,219,589	(126,921)	
% of Total Revenue	0.04188977		3%	11%	5%	10%	5%	10%	4%	19%	1%	3%	1%	3%	0%	3%	7%	11%	3%	11%	100%			
EXPENSE																								
Employee Expense	1,130,928	1,189,001	667,512	661,091	1,331,339	183,681	195,715	78,923	458,320	28,357	272,400	136,860	461,548	264,921	-	59,581	634,971	569,010	-	-	7,865,839	5,850,044	2,015,795	
Program Expense	1,050	-	592,655	40,178	7,080	9,965	22,926	11,439	44,330	1,496	2,880	710	37,070	-	-	278,298	141,135	274,940	-	15,000	1,436,822	702,464	734,358	
Other Personnel	55,735	12,815	5,032	5,032	9,094	1,258	1,258	629	3,145	629	22,316	971	3,774	142,543	-	629	5,032	5,661	-	-	272,407	327,085	(54,678)	
Non Personnel	52,575	22,389	27,440	14,238	41,609	1,495	4,934	1,975	8,404	9,508	14,069	6,869	11,399	5,460	-	6,156	16,172	16,606	-	-	252,894	267,003	(14,109)	
Occupancy Expense	44,492	28,246	236,198	54,722	35,554	400,476	1,177,626	478,869	2,056,971	58,950	66,705	31,056	9,068	2,952	-	6,091	46,360	12,954	-	-	2,690,318	2,328,798	361,521	
Travel & Meeting Expense	63,679	2,153	11,394	14,654	16,084	7,757	8,498	3,034	19,288	4,654	9,769	1,748	693	744	35	5,859	14,239	46,724	-	-	211,717	182,784	28,933	
Depreciation	71,755	-	11,189	-	-	-	-	-	-	66,601	13,351	45,286	-	-	-	-	-	-	-	-	208,182	192,563	15,619	
Interest	-	-	-	-	-	-	-	-	-	53,143	-	-	-	-	-	-	-	-	-	-	53,143	53,143	-	
Misc Expense (taxes, gen. insurance, d	112,219	22,500	30,670	14,561	36,480	150	1,307	550	2,007	19,460	9,328	(15,163)	7,294	7,999	300	1,210	12,098	11,536	35,500	-	307,999	307,593	406	
2024 Total Expense	1,532,432	1,277,104	1,582,090	804,477	1,477,239	604,781	1,412,265	575,420	2,592,465	242,799	410,818	208,337	530,845	424,619	335	357,824	870,007	937,432	35,500	15,000	13,299,322	10,211,477	3,087,845	
% of Total Expense	11.52%	9.60%	11.90%	6.05%	11.11%	4.55%	10.62%	4.33%	19.49%	1.83%	3.09%	1.57%	3.99%	3.19%	0.00%	2.69%	6.54%	7.05%	0.27%	0.11%	100.00%			
2024 Net Income	(983,983)	(822,001)	(131,531)	(163,886)	(132,583)	1,189	(86,781)	(19,112)	(104,704)	(80,317)	(32,955)	(36,902)	(107,947)	12,727	-	1,415	62,168	528,847	339,500	1,445,500	(206,653)	3,008,113	(3,214,766)	
add non-cash items																								
+ depreciation	71,755	-	11,189	-	-	-	-	-	-	66,601	13,351	45,286	-	-	-	-	-	-	-	-	208,182	192,563	15,619	
+ non-cash interest	-	-	-	-	-	-	-	-	-	53,143	-	-	-	-	-	-	-	-	-	-	53,143	53,143	-	
+ Reduction in Grant A/R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024 Operating Cash Flow	(912,228)	(822,001)	(120,342)	(163,886)	(132,583)	1,189	(86,781)	(19,112)	(104,704)	39,427	(19,604)		(107,947)	12,727	-	1,415	62,168	528,847	339,500	1,445,500	54,672	3,253,819	(3,199,147)	

2022 Audited Financials

FRIENDSHIP SHELTER, INC.
FINANCIAL STATEMENTS

DECEMBER 31, 2022

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Guzman & Gray

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Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friendship Shelter, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Friendship Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Friendship Shelter, Inc. as of December 31, 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 Consolidated Financial Statements section of our report. We are required to be independent of the Friendship Shelter, 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Friendship Shelter, 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.

INDEPENDENT AUDITORS' REPORT (Continued)

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated

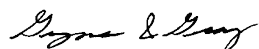
INDEPENDENT AUDITORS' REPORT (Continued)

Supplementary Information(Continued)

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023 on our consideration of the Friendship Shelter, 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 the Friendship Shelter, 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 the Friendship Shelter, Inc.'s internal control over financial reporting and compliance.



Guzman & Gray, CPAs
Long Beach, CA
July 18, 2023

FRIENDSHIP SHELTER, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,242,590
Investments	33,570
Receivables	1,260,232
Prepaid expenses	19,997
Total Current Assets	<u>2,556,389</u>

OTHER ASSETS

Property, furniture and equipment, net	1,697,785
Loan costs, net	74,068
Deposits and other assets	159,161
Right of use asset	1,096,436
Total Other Assets	<u>3,027,450</u>

TOTAL ASSETS	<u>\$ 5,583,839</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 487,520
Deferred revenue	67,362
Operating lease liability	530,358
Total Current Liabilities	<u>1,085,240</u>

LONG-TERM LIABILITIES

Accrued interest	374,528
Notes payable, net of debt discount	1,753,007
Operating lease liability	614,390
Total Long-Term Liabilities	<u>2,741,925</u>

Total Liabilities	<u>3,827,165</u>
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NET ASSETS

Without Donor Restriction	1,666,674
With Donor Restriction	90,000
Total Net Assets	<u>1,756,674</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,583,839</u>
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See independent auditors' report and accompanying notes to consolidated financial statements.

FRIENDSHIP SHELTER, INC
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government, foundation and other private grants and contracts	\$ 7,499,921	\$ 170,500	\$ 7,670,421
Contributions	879,606	-	879,606
Special events, net	207,248	-	207,248
Program income	410,413	-	410,413
In-kind services	18,000	-	18,000
In-kind materials	22,524	-	22,524
Investment return, net	13,586	-	13,586
	<u>9,051,298</u>	<u>170,500</u>	<u>9,221,798</u>
Net assets released from restriction	<u>173,000</u>	<u>(173,000)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>9,224,298</u>	<u>(2,500)</u>	<u>9,221,798</u>
EXPENSES			
Program services	8,458,972	-	8,458,972
Support Services			
General and administrative	859,356	-	859,356
Fundraising	213,485	-	213,485
	<u>9,531,813</u>	<u>-</u>	<u>9,531,813</u>
TOTAL EXPENSES	<u>9,531,813</u>	<u>-</u>	<u>9,531,813</u>
CHANGE IN NET ASSETS	(307,515)	(2,500)	(310,015)
NET ASSETS, BEGINNING OF YEAR	<u>1,974,189</u>	<u>92,500</u>	<u>2,066,689</u>
NET ASSETS, END OF YEAR	<u>\$ 1,666,674</u>	<u>\$ 90,000</u>	<u>\$ 1,756,674</u>

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

FRIENDSHIP SHELTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Support Services			
	Program Services	Management and General	Fundraising	Cost of Direct Donor Benefit	Total Expenses
Salaries and benefits	\$ 4,140,502	\$ 463,260	\$ 123,917	\$ -	\$ 4,727,679
Apartment rent	1,497,325	-	-	-	1,497,325
Depreciation and amortization	192,769	8,032	-	-	200,801
Repairs and maintenance	158,015	-	-	-	158,015
Client services	1,155,816	-	-	-	1,155,816
Utilities	180,347	20,039	-	-	200,386
Property management	17,921	-	-	-	17,921
Development expense	-	-	60,150	35,965	96,115
Workers' compensation	103,849	2,780	942	-	107,571
Land lease	79,002	-	-	-	79,002
Transportation	102,903	-	-	-	102,903
Donated material	22,524	-	-	-	22,524
Donated services	18,000	-	-	-	18,000
Training	70,600	-	-	-	70,600
Cleaning	72,629	-	-	-	72,629
MHSA services fees	7,440	-	-	-	7,440
Interest	53,143	-	-	-	53,143
Licenses and permits	800	2,228	-	-	3,028
Dues and subscriptions	28,439	26,251	-	-	54,690
Insurance	80,813	7,183	1,796	-	89,792
Professional fees	-	84,021	-	-	84,021
Office lease	9,279	64,952	18,558	-	92,789
Office expense	21,734	86,935	-	-	108,669
Recruitment	14,937	1,494	166	-	16,597
House supplies and equipment	91,854	-	-	-	91,854
Telephone	58,222	24,952	-	-	83,174
Property taxes	36,118	-	-	-	36,118
Bank and merchant fees	-	9,729	-	-	9,729
Postage	1,646	1,646	-	-	3,292
Equipment rental	7,162	801	214	-	8,177
Information technology	56,302	6,299	1,685	-	64,286
Commissions	2,737	306	82	-	3,125
Outside services	147,720	-	-	-	147,720
Payroll fees	-	27,536	-	-	27,536
Right of use lease expense	28,424	20,912	5,975	-	55,311
	8,458,972	859,356	213,485	35,965	9,567,778
Less: cost of direct benefits to donors	-	-	-	(35,965)	(35,965)
	<u>\$ 8,458,972</u>	<u>\$ 859,356</u>	<u>\$ 213,485</u>	<u>\$ -</u>	<u>\$ 9,531,813</u>

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

FRIENDSHIP SHELTER, INC
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (310,015)
Adjusted to reconcile decrease in net assets to net cash and cash equivalents used for operating activities:	
Depreciation and amortization	200,801
Unrealized loss on investments	1,139
Right of use lease expense	55,311
(Increase) decrease in operating assets	
Receivables	220,377
Prepaid expenses	24,731
Deposits and other assets	(9,313)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	129,652
Deferred revenue	43,816
Security deposits	(3,400)
Accrued interest	53,143
Net cash provided by operating activities	<u>406,242</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(43,001)
Reinvestments	(92)
Net unemployment insurance trust	<u>961</u>
Net cash used in investing activities	<u>(42,132)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 364,110

BEGINNING CASH AND CASH EQUIVALENTS 878,480

ENDING CASH AND CASH EQUIVALENTS \$ 1,242,590

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	<u>NONE</u>
Income taxes paid	<u>NONE</u>

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

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – ORGANIZATION

Friendship Shelter, Inc. (“FSI”) was incorporated on January 20, 1987 as a not-for-profit public benefit corporation. FSI is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California state income taxes under Section 23701(d) of the California Revenue and Taxation Code.

In 2014, FSI formed a wholly owned subsidiary, Henderson House, LLC (“HH”), to hold the assets of the Henderson House property and related borrowings to improve the Henderson House (see Note 5). FSI and HH are collectively referred to herein as the “Organization.”

The Organization is based in Laguna Beach, California and provides shelter services for homeless individuals as well as housing and supportive services for disabled individuals who were previously homeless. A board of directors comprised of volunteer members governs the Organization.

The Organization is primarily funded by a diverse mix of public funds, foundation grants, fundraising events and gifts from individual donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of FSI and HH. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Presentation of Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization’s general activities and operations at the discretion of the Board of Directors.

Net assets with donor restrictions

Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presentation of Net Assets (Continued)

Net assets released from restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates embodied in these consolidated financial statements include the collectability of receivables, the valuation of investments, the recoverability of long-lived assets, unemployment self-funding liability and the allocation of expenses to program services, general and administrative expenses and fundraising expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Temporary, short-term and highly liquid investments that mature in less than three months from the date they are acquired are classified as cash and cash equivalents.

Investments

Investments consist of an investment pool which is carried at fair value and a general unallocated fund from an insurance company.

Donated investments are recorded at fair value at the date of donation and thereafter carried at fair value. Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the consolidated statements of activities.

Receivables

Receivables are primarily due from private and public granting agencies under grants and contracts. The Organization determines an allowance for uncollectible receivables based on historical experience. The Organization considers all receivables to be currently collectible. Accordingly, no allowance for doubtful accounts is recorded.

Property, Furniture and Equipment

Property, furniture and equipment are stated at cost. Contributed property, furniture, and equipment are recorded at estimated fair value at the time of contribution. Significant additions or improvements that extend asset lives are capitalized; normal maintenance and repair costs are expensed as incurred. Expenditures for property, furniture and equipment that are not in use by the end of the fiscal year are accumulated and capitalized as construction in progress. Once items in construction in progress have been placed in service they are capitalized to the appropriate asset categories and depreciated. The Organization capitalizes interest costs as part of the historical cost of acquiring assets it constructs using debt.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Furniture and Equipment (Continued)

Depreciation and amortization on buildings and improvements is computed over 29.5 years using the straight-line method with regard to the facility in Laguna Beach and over 27.5 years with regard to the facilities in San Clemente. Depreciation on the furniture and equipment is provided over estimated useful lives of three or four years using the straight-line method.

Debt Issuance Costs

In connection with executing the California Housing Finance Agency MHSA promissory note (see Note 6), the Organization incurred debt issuance costs of \$29,500 during 2015, which were recorded as an offset to the corresponding MHSA note payable in the accompanying consolidated statement of financial position and are being amortized over the term of the promissory note. During 2022, \$1,475 was amortized and included as depreciation and amortization expense in the accompanying consolidated statement of functional expenses.

Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of the asset group may not be recoverable. In accordance with FASB Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-55, Impairment or Disposal of Long-Lived Assets, the evaluations address the estimated recoverability of the assets’ carrying value. When the carrying value of an asset exceeds estimated recoverability, an impairment is recorded to reduce the carrying value to fair value. No impairments were required to be recorded during the year ended December 31, 2022.

Revenue Recognition

Grants and Contributions

The Organization recognizes contributions when cash, securities, other assets, or unconditional promise to give are received. Grants and contributions that are not restricted by the grantor or donor are reported as increases in net assets without donor restrictions. Grantor or donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with grantor or donor restrictions are reclassified to net assets without donor restrictions. Grants and donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Legacies and Bequests

Legacies and bequests can be either conditional or unconditional. Conditional gifts are dependent upon the occurrence of a future event. Unconditional gifts are not restricted and are irrevocable. The gift is not irrevocable if the donor can cancel the gift sometime in the future. Unconditional irrevocable gifts are recognized as revenue when received. Conditional gifts are not recognized until the conditions on which they depend have occurred.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

Special events are organized to raise contributions to support the Organization's activities. The participants of these events are offered something of value for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the donor and the fair value of the benefit received by the donor is considered a contribution. The items of value given to the donor are referred to as "cost of direct benefits to donors." These are the actual costs of the items and services furnished to the donor to attend the special event. The cost of direct benefit to donors is presented as a line item deducted from gross special events revenue in the accompanying consolidated statement of activities.

Program Income

Program income relates to: emergency shelter, housing navigation, housing stabilization, disability income navigation and supportive services for Orange County's system of care, all of which are recognized in the period in which services are rendered.

Contributed Services and Materials

Contributed services are recorded at the estimated fair value at the time the services were performed. Only those contributed services that are a significant and an integral part of the efforts of the Organization and would have to be performed by professional salaried personnel if the services had not been contributed are included in the consolidated financial statements.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the resident facilities that are not recorded. The Organization receives more than 5,000 of these volunteer hours each year.

Contributed materials are recorded at their estimated fair value at the date of receipt.

Paycheck Protection Program

The Organization has adopted policies to recognize its Paycheck Protection Program ("PPP") loan as revenue after requirements for loan forgiveness, established by the Small Business Administration ("SBA"), have been satisfied. These requirements are discussed in Note 8.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs and expenditures have been allocated among the programs and support services benefitted. Salaries, payroll taxes, and employee benefits are allocated based on time and effort. Other costs such as office supplies, telephone, and postage are allocated based on estimated usage.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

FSI is a public charity that has obtained an exemption from Federal income taxes and California state income taxes. Accordingly, no provision has been made for Federal or California state income taxes in the accompanying consolidated financial statements. FSI is subject, however, to Federal and California state income taxes on net unrelated business income as stipulated in Internal Revenue Code Section 511 and Regulation Section 1.511. During the year ended December 31, 2022, FSI had no unrelated business income.

HH is a limited liability company that is taxed under sections of the Federal and California tax law which provide that, in lieu of federal corporation income taxes and the normal state corporation income taxes, the member separately accounts for HH's items of income, deductions, losses and credits. Therefore, these consolidated financial statements do not include any provision for HH's Federal corporation income taxes. A minimum state income tax has been provided for California.

The Organization annually evaluates tax positions as part of the preparation of its exempt tax return. This process includes an analysis of whether tax positions the Organization takes with regard to a particular item of income or deduction would meet the definition of an uncertain tax position under current accounting guidance. The Organization believes its tax positions are appropriate based on current facts and circumstances. The Organization's policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. At December 31, 2022, the Organization did not have any unrecognized tax benefits. The Organization is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2019.

Recently Issued Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07 (the "Update"), Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The Update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact of the adoption of the Update on the financial statements.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of FASB ASC 842

Effective January 1, 2022, the Organization adopted FASB ASC 842, Leases. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things allowed the Organization to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of operating lease right-of-use-asset of \$923,108 and operating lease liability of \$946,450 at January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Company's historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's statement of activities or cash flows.

NOTE 3 – FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs in priority that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities;

Level 2—Observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rates) or other inputs that are principally derived from or corroborated by observable market data by correlation or by other means; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization currently holds its investments in a long-term investment pool and a general unallocated fund from a trust company.

In the long-term investment pool, funds are invested to provide safety through diversification in a portfolio of common stocks, bonds, mutual funds, alternative investments and cash equivalents. The fair value of the Organization's investments in its long-term investment pool is based partially upon unobservable inputs that are significant to the fair value of the investments, as estimated by the investment manager using generally accepted valuation methodologies.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Investments in the general unallocated fund from a trust company represent an account that the Organization maintains with Unemployment Services Trust related to its unemployment self-funding arrangement. The account funds are pooled with other client accounts and invested in accordance with the third party's investment policies. The Organization has no ability to direct this investment in any specific manner and has no visibility to the individual components of its account.

Both of these investments have been classified within Level 3 of the valuation hierarchy.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Balance, January 1, 2022	\$ 42,577
Deposits	20,668
Payments/expenses	(26,647)
Investment Expense	(1,981)
Unrealized loss	(1,139)
Interest income	92
Balance, December 31, 2022	<u>\$ 33,570</u>

NOTE 4 – PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture, and equipment consists of the following at December 31, 2022:

Land	\$ 347,690
Buildings and improvements	3,461,933
Furniture and equipment	<u>273,502</u>
	4,083,125
Less accumulated depreciation and amortization	<u>(2,385,340)</u>
	<u>\$ 1,697,785</u>

For the year ended December 31, 2022, depreciation expense was \$200,801.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 5 – LOAN COSTS

The Organization entered into a Capitalized Operating Subsidy Reserve Agreement (the ‘Agreement’) with the California Housing Finance Agency. The loan costs related to the Agreement totaled \$113,951, and is amortized using the straight-line method over twenty years. The total accumulated amortization is \$39,883 at December 31, 2022. The net loan costs at December 31, 2022 totaled \$74,068.

NOTE 6 – DEFERRED REVENUE

Funding of projects received in advance is deferred and recognized over the periods to which the funding relates. Deferred revenue totaled \$67,362 at December 31, 2022.

NOTE 7 – NOTES PAYABLE

Notes payable consists of the following at December 31, 2022:

Note payable to California Housing Finance Agency	1,771,442
Less: unamortized debt issuance costs	<u>(18,435)</u>
	1,753,007
Less current portion	<u>-</u>
	<u>1,753,007</u>

The Organization has a note payable to the California Housing Finance Agency (“CHFA”) that is secured by a deed of trust. The terms of the note require annual payments of principal and interest from 100% of the development’s residual receipts. The Organization had no residual receipts during the year ended December 31, 2022. The interest rate is 3% and the note matures on June 1, 2035. For the year ended December 31, 2022, interest expense under the CHFA note totaled \$53,143. Accrued interest at December 31, 2022 was \$374,528.

In addition, the CHFA note contains certain covenants. The Organization believes it was in compliance with all loan covenants at December 31, 2022.

The CHFA note’s regulatory agreement requires establishing and maintaining various reserve accounts, including an operating expense reserve, a replacement reserve, and a capitalized operating subsidy reserve. At December 31, 2022, the Organization maintained a \$30,959 operating expense reserve and a \$72,118 replacement reserve in deposits and other assets. No other reserves were required as of December 31, 2022.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 8 – SPECIAL EVENTS, NET

Special events, net include revenue and expenses from events sponsored and managed by the Organization. Income and expenses from special events for the year ended December 31, 2022 are as follows:

Revenues	\$ 243,213
Expenses	<u>(35,965)</u>
	<u>\$ 207,248</u>

NOTE 9 –RELATED PARTY TRANSACTIONS

Various board members make contributions to the Organization through donations, fundraising events, professional services and volunteer time. For the year ended December 31, 2022, the Organization received cash contributions from board members totaling \$99,685, which are included in Contributions in the accompanying consolidated statement of activities.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Leasing Activities

The Organization leases land in Laguna Beach, California, on which a shelter facility is located under a lease that expires in 2061. The lease requires monthly payments of \$7,000 beginning July 1, 2022. The lease provides that the real property be appraised every five years. The annual rent is then adjusted to 8% of the appraised value. The last appraisal was performed in April 2022. The minimum lease commitment based on the current lease amount is \$84,000 annually.

The Organization's office lease was renewed in August 1, 2021 and will end on July 31, 2026, with monthly rental payments ranging from \$9,518 to \$10,714. The Organization was only required to pay half their monthly rent from April through September 2022.

During 2019, the Organization entered into a new apartment master lease for program use through April 2024 (as amended in April 2020). The lease automatically renews annually thereafter, with monthly rental payments based on revenues derived from renting the units after deducting operating expenses (as defined), with an estimate of \$7,080. As there are no minimum lease payments, this lease is not included below.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Leasing Activities (Continued)

The following summarizes the line items in the statement of financial position which includes amounts for operating lease at December 31, 2022:

Operating lease right-of-use assets	<u>\$ 1,096,436</u>
Lease liability, current portion	\$ 530,358
Lease liability, non-current portion	<u>614,390</u>
Total operating lease liabilities	<u>\$ 1,144,748</u>

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2022:

Weighted Average Remaining Lease Term	
Operating lease	<u>3.03 years</u>
Weighted Average Discount Rate	
Operating lease	<u>2.12%</u>

The maturities of lease liabilities are as follows at December 31, 2022:

<u>Year Ending December 31,</u>	
2023	\$ 553,594
2024	219,052
2025	211,748
2026	158,996
2027	<u>42,000</u>
Total lease payments	1,185,390
Less: Interest	<u>(40,642)</u>
Present value of lease liabilities	<u>\$ 1,144,748</u>

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Leasing Activities (Continued)

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31, 2022:

Operating lease cost	\$ 371,030
Variable lease cost	<u>25,155</u>
 Total lease cost	 <u><u>\$ 396,185</u></u>

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of
lease liabilities:

Operating cash flows from operating leases	<u><u>\$ 338,953</u></u>
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Lease assets obtained in exchange for lease
obligations:

Operating leases	<u><u>\$ 318,598</u></u>
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The Organization leases residential apartments to tenants under non-cancelable operating leases for one-year terms. The following is a schedule of future minimum rental payments for short-term leases at December 31, 2022:

<u>Year Ended December 31,</u>	
2023	<u><u>\$ 657,794</u></u>

Line of Credit

The Organization has two lines of credit agreement with two financial institution with borrowing availability up to \$75,000 each. The Company has no borrowings outstanding at December 31, 2022. Borrowings under the line of credit are unsecured and bear interest at 1.41% and 1.81%.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Guarantees and Indemnities

The Organization has made certain indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Organization indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of California. In connection with its land and office leases, the Organization has indemnified its lessor for certain claims arising from the use of the land. In connection with the CHFA note, the Organization has indemnified the lender for all claims arising from the occupancy or construction of Henderson House and other matters. The duration of the indemnities varies, and is generally tied to the life of the respective agreement. These indemnities do not provide for any limitation of the maximum potential future payments the Organization could be obligated to make. Historically, the Organization has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities in the accompanying consolidated statement of financial position.

Unemployment Insurance

The Organization has elected to self-fund its California unemployment claims. Using a third-party actuarial expert, the Organization has a reserve of \$8,711 at December 31, 2022, related to its estimated future liability for these claims based on past claims experience, actual claims filed and estimated future claims.

NOTE 11 – CONCENTRATION, RISKS, AND UNCERTAINTIES

Concentration

Certain of the Organization's services are governed by contracts with governmental and private agencies. All such contracts to which the Organization currently is a party are for fixed terms and expire at the end of those terms. At December 31, 2022, three of the Organization's grantors accounted for approximately 38% of receivables. For the year ended December 31, 2022, two of the Organization's grantors accounted for approximately 26% of total revenue and support.

Risks and Uncertainties

The Organization maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per owner. Management believes that it has invested in high credit, quality institutions for which the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

There can be no assurances that the Organization will be able to obtain future contracts as deemed necessary by management. The loss of some of the current contracts or the inability to obtain future contracts could cause the Organization to curtail or discontinue certain programs. Failure of the Organization to comply with applicable contract and regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties which could have an adverse effect on the Organization's consolidated financial position and activities.

FRIENDSHIP SHELTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 12 – LIQUIDITY AND AVAILABILITY

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for major events and a concentration of grant payments and individual contributions received near calendar year-end. As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization maintains two lines of credit with a financial institution with borrowing availability up to \$75,000 each that may be drawn upon as needed during the year to manage cash flow and is then repaid in full by the end of the fiscal year.

The Organization employs a risk-based operating reserve policy mandated by its Board and used to preserve a responsible and adequate cash reserve that ensures organizational stability while avoiding unnecessary stockpiling of cash simply to hit arbitrary goals based on a percentage of budget. The policy establishes and designates an amount sufficient to maintain ongoing operations at any point in time based on an established formula that assesses the most likely risks of interruption of major funding streams, the mitigating factors in place (such as insurance policies) in each case, the likely short- and long-term response the Organization would take, and the time needed to responsibly sunset activities that might end in the case of permanent funding loss. This dynamic system is reviewed and adjusted in response to internal and external changes. Performance against the policy is reviewed by the Board's finance committee on a monthly basis.

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2022 because of contractual or donor-imposed restrictions:

Total financial assets:	
Cash and cash equivalents	\$ 1,242,590
Investments	33,570
Receivables	<u>1,260,232</u>
Financial assets, at year end	2,536,392
Less:	
Deferred revenue	(67,362)
Donor-imposed restrictions	<u>(90,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,379,030</u></u>

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated events and transactions that would require recognition or disclosure through July 18, 2023, which was the date the consolidated financial statements were available to be issued.

On February 15, 2023, the Organization received a business loan for \$500,000 to be used strictly in the event of an emergency.

On May 15, 2023, the Organization purchased a building located in San Clemente, California for \$3,190,000.

SUPPLEMENTARY INFORMATION

FRIENDSHIP SHELTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Awards Expenditures
<u>U.S Department of Housing and Urban Development</u>		
HUD - Continuum of Care		
PSH CA1119L9D022008 - 12/1/21 – 11/30/22	14.267	577,325
PSH CA1119L9D022109 - 12/1/22 – 11/30/23	14.267	57,001
Pass-through Mercy House Living Centers		
HUD - Continuum of Care		
Bonus 1 CA1352L9D022006 - 8/1/21 – 7/31/22	14.267	735,895
Bonus 1 CA1352L9D022107 - 8/1/22 – 7/31/23	14.267	543,418
Bonus 2 CA1514L9D022005 - 8/1/21 – 7/31/22	14.267	346,703
Bonus 2 CA1514L9D022106 - 8/1/22 – 7/31/23	14.267	237,434
		<u>2,497,776</u>
Emergency Solutions Grant		
MA-042-20010817 - 7/1/21 – 6/30/22	14.231	75,831
MA-017-22011886 - 7/1/22 – 6/30/23	14.231	85,156
MA-017-22011886 - 7/1/22 – 6/30/23	14.231	63,230
MA-017-23010152 - 10/15/22 – 6/30/23	14.231	11,647
		<u>235,864</u>
<u>U.S. Department of Homeland Security</u>		
United Way / Emergency Food and Shelter Program		
ARPAR-0786-00-059 - 11/1/21 – 4/17/23	97.024	55,000
39-0786-00-059 - 11/1/21 – 4/17/23	97.024	25,500
		<u>80,500</u>
Total expenditures of federal awards		<u>\$ 2,814,140</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

FRIENDSHIP SHELTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the federal grant activity of the Friendship Shelter, Inc. (the “Organization”) under programs of the federal government for the year ended December 31, 2022. The information in this SEFA is presented in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and the audit requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the SEFA presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. Federal awards received directly from federal agencies as well as federal awards passed through local agencies are included in the SEFA.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The SEFA is presented using the accrual basis of accounting which is described in the notes to the Organization’s consolidated financial statements. 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 – RELATIONSHIP TO FEDERAL, STATE, COUNTY, AND CITY AWARDS REPORTS

Amounts reported in the SEFA agree with the amounts reported in the related federal, state, county, and city financial reports for all major federal, state, county, and city programs.

NOTE D – INDIRECT COST RATE

The SEFA includes both direct and indirect costs expenses for all grants. The Organization elected to not use the 10% de minimis indirect cost rate as allowed per section 414 of the Uniform Guidance. The indirect costs expended are included as part of the pre-determined fixed fees outlined on the grant agreement budgets. Other costs are allocated to contracts based on relative percentage of employee working costs.

NOTE E – IN-KIND PERSONAL PROTECTIVE EQUIPMENT (PPE)

The Organization received no in-kind Personal Protective Equipment (PPE) during the year ending December 31, 2022.

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804

Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

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 Directors of
Friendship Shelter, Inc.
Laguna Beach, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friendship Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friendship Shelter, 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 Friendship Shelter, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Friendship Shelter, 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 were not identified.

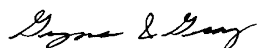
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friendship Shelter, 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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Guzman & Gray, CPAs
Long Beach, CA
July 18, 2023

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804

Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

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

To the Board of Directors of
Friendship Shelter, Inc.
Laguna Beach, CA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Friendship Shelter, Inc.'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 Friendship Shelter, Inc.'s major federal programs for the year ended December 31, 2022. Friendship Shelter, 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, Friendship Shelter, 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 December 31, 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 Friendship Shelter, 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 Friendship Shelter, Inc.'s compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

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

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

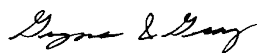
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Guzman & Gray, CPAs
Long Beach, CA
July 18, 2023

FRIENDSHIP SHELTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiency identified that is not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness identified? ☐ yes ☒ no

Significant deficiency identified that is not considered to be a material weakness? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
--------------------	---

14.267	HUD – Continuum of Care
--------	-------------------------

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

FRIENDSHIP SHELTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

SECTION II – FINDINGS-FINANCIAL STATEMENT AUDIT

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no major federal award program findings required to be reported by 2 CFR section 200.516(a).

FRIENDSHIP SHELTER, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022

There were no prior year audit findings or questioned costs relative to federal awards.

2022 IRS Form 990

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022Open to Public
Inspection**A For the 2022 calendar year, or tax year beginning and ending**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization FRIENDSHIP SHELTER, INC.		D Employer identification number 33-0219404
	Doing business as		E Telephone number 949-494-6928
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	P.O. BOX 4252		
	City or town, state or province, country, and ZIP or foreign postal code LAGUNA BEACH, CA 92652		G Gross receipts \$ 9240902.
F Name and address of principal officer: DAWN PRICE SAME AS C ABOVE		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. See instructions H(c) Group exemption number	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 J Website: WWW.FRIENDSHIPSHELTER.ORG K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other L Year of formation: 1987 M State of legal domicile: CA			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: FRIENDSHIP SHELTER HELPS HOMELESS ADULTS ACHIEVE SELF-SUFFICIENCY AND BECOME MORE PRODUCTIVE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
	5 Total number of individuals employed in calendar year 2022 (Part V, line 2a)	5	141
	6 Total number of volunteers (estimate if necessary)	6	820
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	9395020.	8806662.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	392232.	410413.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7691.	14724.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	0.	-26862.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	9794943.	9204937.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	1514306.	1178340.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	3994481.	4727678.
	b Total fundraising expenses (Part IX, column (D), line 25)	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	213483.	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3209729.	3607795.
Net Assets or Fund Balances	19 Revenue less expenses. Subtract line 18 from line 12	8718516.	9513813.
	20 Total assets (Part X, line 16)	1076427.	-308876.
	21 Total liabilities (Part X, line 26)	Beginning of Current Year	End of Year
	22 Net assets or fund balances. Subtract line 21 from line 20	4524422.	5583839.
		2457733.	3827165.
		2066689.	1756674.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date	
	DAWN PRICE, EXECUTIVE DIRECTOR			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/> PTIN P01998968
	Firm's name KSP CONSULTING	Firm's EIN 87-4196141		
	Firm's address PO BOX 31194 ANAHEIM, CA 92809	Phone no. 424-200-7878		

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X**

- 1** Briefly describe the organization's mission:
FRIENDSHIP SHELTER HELPS HOMELESS ADULTS ACHIEVE SELF-SUFFICIENCY AND BECOME MORE PRODUCTIVE MEMBERS OF THE COMMUNITY.
-
- 2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No
 If "Yes," describe these new services on Schedule O.
- 3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No
 If "Yes," describe these changes on Schedule O.
- 4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.
- 4a** (Code:) (Expenses \$ **6813384.** including grants of \$ **841537.**) (Revenue \$ **194413.**)
HOUSING: FRIENDSHIP SHELTER'S HOUSING PROGRAM IS ITS NEWEST AND FASTEST GROWING PROGRAM, AND IS INTENDED FOR CLIENTS WHO ARE CHRONICALLY HOMELESS WITH A PHYSICAL OR MENTAL HEALTH CONDITION. THIS PROGRAM FOLLOWS THE HOUSING FIRST APPROACH WITH CLIENTS HOUSED IN SCATTERED-SITE AND DESIGNATED-SITE APARTMENTS. ALL CLIENTS HAVE ACCESS TO ONGOING SUPPORTIVE SERVICES FROM FRIENDSHIP SHELTER STAFF TO ENSURE THEY REMAIN SAFELY AND STABLY HOUSED. THERE ARE CURRENTLY 190 FORMERLY HOMELESS INDIVIDUALS IN OUR HOUSING PROGRAM THROUGHOUT SOUTH ORANGE COUNTY.
-
- 4b** (Code:) (Expenses \$ **1459152.** including grants of \$ **142444.**) (Revenue \$ **216000.**)
SHELTER: LOCATED ON SOUTH COAST HIGHWAY IN LAGUNA BEACH, THE BRIDGE HOUSING PROGRAM WORKS WITH HOMELESS ADULTS TO SECURE HOUSING AND EMPLOYMENT OR OTHER INCOME. AT THIS HOUSING FOCUSED SHELTER, ALL CLIENTS RECEIVE MEALS AND AN ARRAY OF SUPPORT SERVICES. WE EMPHASIZE ONGOING CASE MANAGEMENT AND SUPPORT CLIENTS THROUGH A MULTILAYERED APPROACH WITH THE GOAL OF SECURING PERMANENT HOUSING, INCOME, AND INCREASED SELF-SUFFICIENCY. ADDITIONALLY, WE PROVIDE ASSISTANCE FOR HOMELESS INDIVIDUALS WHO HAVE OBTAINED A HOUSING VOUCHER FROM THE COUNTY OF ORANGE. AND, LOCATED ON LAGUNA CANYON ROAD NEAR THE ENTRANCE TO LAGUNA BEACH, FRIENDSHIP SHELTER OPERATES THE CITY OF LAGUNA BEACH'S ASL EMERGENCY SHELTER. THERE WE PROVIDE SHELTER, MEALS, SHOWERS, LAUNDRY, AND SUPPORT SERVICES TO CONNECT GUESTS TO HOUSING AND
-
- 4c** (Code:) (Expenses \$ **168435.** including grants of \$ **194359.**) (Revenue \$)
OUTREACH: FRIENDSHIP SHELTER'S OUTREACH PROGRAM STARTED IN 2017 AND HAS SINCE GROWN TO INCLUDE A FULL-TIME TEAM AND IS FUNDED BY GENEROUS PRIVATE DONORS AND THE CITY OF LAGUNA BEACH. FRIENDSHIP SHELTER OUTREACH WORKERS QUITE LITERALLY MEET PEOPLE WHERE THEY ARE, EITHER AT THE BEACH, ON THE STREET, OR SOMEWHERE IN BETWEEN. OUR GOAL IS TO ASSESS EACH PERSON WE MEET AND CONNECT THEM TO WHAT THEY NEED: SHELTER, PHYSICAL AND MENTAL HEALTH CARE, SOCIAL SERVICES, AND WHENEVER POSSIBLE, APPROPRIATE PERMANENT HOUSING.
-
- 4d** Other program services (Describe on Schedule O.)
 (Expenses \$ including grants of \$) (Revenue \$)
- 4e** Total program service expenses **8440971.**

Form **990** (2022)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? See instructions	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	3	X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	4	X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? <i>If "Yes," complete Schedule C, Part III</i>	5	X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	8	X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	9	X
10 Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>	10	X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	11a X	
b Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	11b	X
c Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	11c	X
d Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	11d X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	11e X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	12a X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	12b	X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	14b	X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I. See instructions</i>	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	18 X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	19	X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	20a	X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	X

Part IV Checklist of Required Schedules (continued)

	Yes	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	X	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see the Schedule L, Part IV, instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? If "Yes," complete Schedule L, Part IV		X
b A family member of any individual described in line 28a? If "Yes," complete Schedule L, Part IV		X
c A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	X	
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19?	X	

Note: All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
1a Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable		
b Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable		
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a 141		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		X
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		X
b If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X	
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	X	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		X
d If "Yes," indicate the number of Forms 8282 filed during the year	7d		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8 Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8		
9 Sponsoring organizations maintaining donor advised funds.			
a Did the sponsoring organization make any taxable distributions under section 4966?	9a		
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b		
10 Section 501(c)(7) organizations. Enter:			
a Initiation fees and capital contributions included on Part VIII, line 12	10a		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11 Section 501(c)(12) organizations. Enter:			
a Gross income from members or shareholders	11a		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.	13a		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b		
c Enter the amount of reserves on hand	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b		
15 Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	15		X
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16		X
17 Section 501(c)(21) organizations. Did the trust, or any disqualified or other person engage in any activities that would result in the imposition of an excise tax under section 4951, 4952 or 4953? If "Yes," complete Form 6069.	17		

Part VI Governance, Management, and Disclosure. For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

☒**Section A. Governing Body and Management**

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year 1a 18 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
b Enter the number of voting members included on line 1a, above, who are independent 1b 18		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	X
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?	3	X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5	X
6 Did the organization have members or stockholders?	6	X
7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	X
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a X	
b Each committee with authority to act on behalf of the governing body?	8b X	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O	9	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Did the organization have local chapters, branches, or affiliates?	10a	X
b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a X	
b Describe on Schedule O the process, if any, used by the organization to review this Form 990.		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13	12a X	
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b X	
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done	12c X	
13 Did the organization have a written whistleblower policy?	13 X	
14 Did the organization have a written document retention and destruction policy?	14 X	
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official	15a X	
b Other officers or key employees of the organization	15b X	
If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	X
b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **CA**

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain on Schedule O)

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records
THE ORGANIZATION - 949-494-6928
P.O. BOX 4252, LAGUNA BEACH, CA 92652

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAWN PRICE EXECUTIVE DIRECTOR	40.00			X				134600.	0.	0.
(2) RICK SCOTT CHIEF OPERATING OFFICER	40.00			X				114440.	0.	9180.
(3) WENDY AIRD PRESIDENT	1.00	X		X				0.	0.	0.
(4) MICHAEL GAMERL VICE PRESIDENT	1.00	X		X				0.	0.	0.
(5) THOMAS SALINGER SECRETARY	1.00	X		X				0.	0.	0.
(6) DOUG ANDERSON TREASURER	1.00	X		X				0.	0.	0.
(7) DR. GARY JENKINS PAST PRESIDENT	1.00	X						0.	0.	0.
(8) KETTA BROWN DIRECTOR	1.00	X						0.	0.	0.
(9) CHRISTY CORNWALL DIRECTOR	1.00	X						0.	0.	0.
(10) JOHN HEFFERNAN UNTIL 03/2022 DIRECTOR	1.00	X						0.	0.	0.
(11) CAMERON JALBERT DIRECTOR	1.00	X						0.	0.	0.
(12) VINCE JENKINS DIRECTOR	1.00	X						0.	0.	0.
(13) BARBARA MCMURRAY DIRECTOR	1.00	X						0.	0.	0.
(14) ILENE MUNZINGER DIRECTOR	1.00	X						0.	0.	0.
(15) TEDDIE RAY DIRECTOR	1.00	X						0.	0.	0.
(16) MARISA ROBBINS DIRECTOR	1.00	X						0.	0.	0.
(17) ANDREA SHELLY DIRECTOR	1.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) CINDY SHOPOFF DIRECTOR	1.00	X						0.	0.	0.
(19) LEA STONE DIRECTOR	1.00	X						0.	0.	0.
(20) JOSH WOLFF DIRECTOR	1.00	X						0.	0.	0.
1b Subtotal								249040.	0.	9180.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								249040.	0.	9180.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

2

- 3** Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3		X
4		X
5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization	0	

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c	234110.				
	d Related organizations	1d					
	e Government grants (contributions)	1e	7254885.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1317667.				
	g Noncash contributions included in lines 1a-1f	1g	\$ 22524.				
	h Total. Add lines 1a-1f						
Program Service Revenue	2 a TRANSITIONAL HOUSING	Business Code	532000	410413.	410413.		
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f				410413.		
	3 Investment income (including dividends, interest, and other similar amounts)				14724.		
4 Income from investment of tax-exempt bond proceeds							
5 Royalties							
Other Revenue	6 a Gross rents	6a	(i) Real (ii) Personal				
	b Less: rental expenses	6b					
	c Rental income or (loss)	6c					
	d Net rental income or (loss)						
	7 a Gross amount from sales of assets other than inventory	7a	(i) Securities (ii) Other				
	b Less: cost or other basis and sales expenses	7b					
	c Gain or (loss)	7c					
	d Net gain or (loss)						
	8 a Gross income from fundraising events (not including \$ 234110. of contributions reported on line 1c). See Part IV, line 18	8a	9103.				
	b Less: direct expenses	8b	35965.				
	c Net income or (loss) from fundraising events				-26862.		-26862.
	9 a Gross income from gaming activities. See Part IV, line 19	9a					
	b Less: direct expenses	9b					
	c Net income or (loss) from gaming activities						
	10 a Gross sales of inventory, less returns and allowances	10a					
	b Less: cost of goods sold	10b					
	c Net income or (loss) from sales of inventory						
	Miscellaneous Revenue	11 a	Business Code				
b							
c							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See instructions					9204937.	410413.	0.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22	1178340.	1178340.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	258220.	180205.	37635.	40380.
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	3874836.	3439527.	367359.	67950.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	281834.	246830.	27617.	7387.
10 Payroll taxes	312788.	273940.	30650.	8198.
11 Fees for services (nonemployees):				
a Management				
b Legal	253.		253.	
c Accounting	53343.		53343.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	254.		254.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)	223601.	165641.	57960.	
12 Advertising and promotion				
13 Office expenses	108669.	21734.	86935.	
14 Information technology	64286.	56302.	6299.	1685.
15 Royalties				
16 Occupancy	1997442.	1867006.	105903.	24533.
17 Travel	102903.	102903.		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	53143.	53143.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	200801.	192769.	8032.	
23 Insurance	197362.	184661.	9963.	2738.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a REPAIRS & MAINTENANCE	158015.	158015.		
b HOUSE SUPPLIES & EQUIP	91854.	91854.		
c TELEPHONE	83177.	58222.	24955.	
d TRAINING	70600.	70600.		
e All other expenses	202092.	99279.	42201.	60612.
25 Total functional expenses. Add lines 1 through 24e	9513813.	8440971.	859359.	213483.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	875344.	1	1239574.
	2 Savings and temporary cash investments	3136.	2	3016.
	3 Pledges and grants receivable, net	1480609.	3	992120.
	4 Accounts receivable, net		4	268112.
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	44729.	9	19997.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 4083125.		
	b Less: accumulated depreciation	10b 2385340.	10c	1697785.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11	42577.	13	33570.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	229613.	15	1329665.
16 Total assets. Add lines 1 through 15 (must equal line 33)	4524422.	16	5583839.	
Liabilities	17 Accounts payable and accrued expenses	357868.	17	487520.
	18 Grants payable		18	
	19 Deferred revenue	23547.	19	67362.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23 Secured mortgages and notes payable to unrelated third parties	1751533.	23	1753007.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	324785.	25	1519276.
	26 Total liabilities. Add lines 17 through 25	2457733.	26	3827165.
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.			
	27 Net assets without donor restrictions	1974189.	27	1666674.
	28 Net assets with donor restrictions	92500.	28	90000.
	Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.			
	29 Capital stock or trust principal, or current funds		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund		30	
	31 Retained earnings, endowment, accumulated income, or other funds		31	
	32 Total net assets or fund balances	2066689.	32	1756674.
	33 Total liabilities and net assets/fund balances	4524422.	33	5583839.

Form 990 (2022)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	9204937.
2	Total expenses (must equal Part IX, column (A), line 25)	2	9513813.
3	Revenue less expenses. Subtract line 2 from line 1	3	-308876.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	2066689.
5	Net unrealized gains (losses) on investments	5	-1139.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	1756674.

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F? _____	X	
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits _____	X	

Form 990 (2022)

Department of the Treasury
Internal Revenue Service

OMB No. 1545-0047

2022

Open to Public Inspection

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

Part I	Reason for Public Charity Status. (All organizations must complete this part.) See instructions.
---------------	---

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations _____
- g Provide the following information about the supported organization(s).

g Provide the following information about the supported organization(s).						
(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	4075160.	4809803.	5991390.	9395020.	8806662.	33078035.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3	4075160.	4809803.	5991390.	9395020.	8806662.	33078035.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						33078035.

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
7 Amounts from line 4	4075160.	4809803.	5991390.	9395020.	8806662.	33078035.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	60.	359.	3854.	7691.	14724.	26688.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						33104723.
12 Gross receipts from related activities, etc. (see instructions)					12	1937938.
13 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2022 (line 6, column (f), divided by line 11, column (f))	14	99.92 %
15 Public support percentage from 2021 Schedule A, Part II, line 14	15	99.90 %
16a 33 1/3% support test - 2022. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input checked="" type="checkbox"/>
b 33 1/3% support test - 2021. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2022. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2021. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and stop here. Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Schedule A (Form 990) 2022

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) 2022	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First 5 years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2022 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2021 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2022 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2021 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2022. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐

b 33 1/3% support tests - 2021. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

Part IV Supporting Organizations

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer lines 3b and 3c below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? If "Yes," complete Part I of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
b Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
c Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer line 10b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?		
11a		
b A family member of a person described on line 11a above?		
11b		
c A 35% controlled entity of a person described on line 11a or 11b above? If "Yes" to line 11a, 11b, or 11c, provide detail in Part VI .		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
3 By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a	<input type="checkbox"/>	The organization satisfied the Activities Test. Complete line 2 below.
b	<input type="checkbox"/>	The organization is the parent of each of its supported organizations. Complete line 3 below.
c	<input type="checkbox"/>	The organization supported a governmental entity. Describe in Part VI how you supported a governmental entity (see instructions).
2 Activities Test. Answer lines 2a and 2b below.		
a		Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
2a		
b		Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.
2b		
3 Parent of Supported Organizations. Answer lines 3a and 3b below.		
a		Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No" provide details in Part VI .
3a		
b		Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.
3b		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (*explain in Part VI*). See instructions.
All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (<i>explain in detail in Part VI</i>):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2022

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required - provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	Total annual distributions. Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2022 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2022	(iii) Distributable Amount for 2022
1 Distributable amount for 2022 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2022 (reasonable cause required - explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2022			
a From 2017			
b From 2018			
c From 2019			
d From 2020			
e From 2021			
f Total of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2022 distributable amount			
i Carryover from 2017 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2022 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2022 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2022, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2022. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2023. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2018			
b Excess from 2019			
c Excess from 2020			
d Excess from 2021			
e Excess from 2022			

Schedule A (Form 990) 2022

Part VI

Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.
(See instructions.)

DRAFT

Schedule B
(Form 990)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Attach to Form 990 or Form 990-PF.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☐ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☒ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year \$

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

Name of organization	Employer identification number
FRIENDSHIP SHELTER, INC.	33-0219404

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	CITY OF LAGUNA BEACH (ASL SHELTER AND OUTREACH) 505 FOREST AVE LAGUNA BEACH, CA 92651	\$ 383451.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	MERCY HOUSE LIVING CENTERS (B1, B2, RRH, EHV) PO BOX 1905 SANTA ANA, CA 92702	\$ 3130701.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	ORANGE COUNTY HEALTH CARE AGENCY (OCMH, BRIDGE HOUSING & PTB) 405 W 5TH STREET, SUITE 600 SANTA ANA, CA 92701	\$ 400322.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	ORANGE COUNTY CARE COORDINATION (HDAP, CES, RRH, ESG & SLFRF) 400 W. CIVIC CENTER DRIVE, 5TH FLOOR SANTA ANA, CA 92701	\$ 1460119.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (PSH) 451 7TH STREET SW WASHINGTON, DC 20410	\$ 634326.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	ST JOSEPH HEALTH (MENTAL HEALTH CONTRACT & INTERSECTIONS CONTRIBUTION) 3345 MICHELSON DRIVE IRVINE, CA 92612	\$ 226000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization	Employer identification number
FRIENDSHIP SHELTER, INC.	33-0219404

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	ORANGE COUNTY HOUSING AUTHORITY (OCHA, VOUCHERS FOR VDM) 1501 E ST. ANDREW PL SANTA ANA, CA 92705	\$ 247780.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	HOUSING FOR HEALTH OC (HHOC COLLABORATIVE, CALAIM) 17701 COWAN #200 IRVINE, CA 92614	\$ 721837.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

33-0219404

Part II

[illegible]

Name of organization

Employer identification number

FRIENDSHIP SHELTER, INC.**33-0219404**

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (for example, recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after July 25, 2006, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year

4 Number of states where property subject to conservation easement is located

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2022

232051 09-01-22

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

a ☐ Public exhibition

d ☐ Loan or exchange program

b ☐ Scholarly research

e ☐ Other _____

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment _____ %

b Permanent endowment _____ %

c Term endowment _____ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) Unrelated organizations

(ii) Related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		347690.		347690.
b Buildings		3048144.	2158704.	889440.
c Leasehold improvements		413789.	69186.	344603.
d Equipment		273502.	157450.	116052.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				1697785.

Schedule D (Form 990) 2022

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) LOAN COSTS	74068.
(2) SECURITY DEPOSITS	159161.
(3) RIGHT OF USE ASSET(OPERATING LEASES)	1096436.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	1329665.

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) LONG TERM ACCRUED INTEREST	374528.
(3) RIGHT OF USE LIABILITY (OPERATING	
(4) LEASES)	1144748.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	1519276.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII... ☒

Schedule D (Form 990) 2022

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	9221798.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) on investments	2a	-1139.
b	Donated services and use of facilities	2b	18000.
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	16861.
3	Subtract line 2e from line 1	3	9204937.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	9204937.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	9531813.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	18000.
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d	2e	18000.
3	Subtract line 2e from line 1	3	9513813.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b	4c	0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5	9513813.

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:

FSI IS A PUBLIC CHARITY THAT HAS OBTAINED AN EXEMPTION FROM FEDERAL INCOME TAXES AND CALIFORNIA STATE INCOME TAXES. ACCORDINGLY, NO PROVISION HAS BEEN MADE FOR FEDERAL OR CALIFORNIA STATE INCOME TAXES IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS. FSI IS SUBJECT, HOWEVER, TO FEDERAL AND CALIFORNIA STATE INCOME TAXES ON NET UNRELATED BUSINESS INCOME AS STIPULATED IN INTERNAL REVENUE CODE SECTION 511 AND REGULATION SECTION 1.511. DURING THE YEAR ENDED DECEMBER 31, 2022, FSI HAD NO UNRELATED BUSINESS INCOME.

HH IS A LIMITED LIABILITY COMPANY THAT IS TAXED UNDER SECTIONS OF THE FEDERAL AND CALIFORNIA TAX LAW WHICH PROVIDE THAT, IN LIEU OF FEDERAL

Part XIII Supplemental Information (continued)

CORPORATION INCOME TAXES AND THE NORMAL STATE CORPORATION INCOME TAXES, THE MEMBER SEPARATELY ACCOUNTS FOR HH'S ITEMS OF INCOME, DEDUCTIONS, LOSSES AND CREDITS. THEREFORE, THESE CONSOLIDATED FINANCIAL STATEMENTS DO NOT INCLUDE ANY PROVISION FOR HH'S FEDERAL CORPORATION INCOME TAXES. A MINIMUM STATE INCOME TAX HAS BEEN PROVIDED FOR CALIFORNIA.

THE ORGANIZATION ANNUALLY EVALUATES TAX POSITIONS AS PART OF THE PREPARATION OF ITS EXEMPT TAX RETURN. THIS PROCESS INCLUDES AN ANALYSIS OF WHETHER TAX POSITIONS THE ORGANIZATION TAKES WITH REGARD TO A PARTICULAR ITEM OF INCOME OR DEDUCTION WOULD MEET THE DEFINITION OF AN UNCERTAIN TAX POSITION UNDER CURRENT ACCOUNTING GUIDANCE. THE ORGANIZATION BELIEVES ITS TAX POSITIONS ARE APPROPRIATE BASED ON CURRENT FACTS AND CIRCUMSTANCES. THE ORGANIZATION'S POLICY IS TO RECOGNIZE INTEREST ACCRUED RELATED TO UNRECOGNIZED TAX BENEFITS IN INTEREST EXPENSE AND PENALTIES IN OPERATING EXPENSES. AT DECEMBER 31, 2022, THE ORGANIZATION DID NOT HAVE ANY UNRECOGNIZED TAX BENEFITS. THE ORGANIZATION IS NO LONGER SUBJECT TO U.S. FEDERAL, STATE, OR LOCAL INCOME TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2019.

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

Attach to Form 990 or Form 990-EZ.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022

Open to Public Inspection

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

Part I

Fundraising Activities. Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a** ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2 a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes☐ No

b If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total						

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		INTERSECTIONS (event type)	(event type)	NONE (total number)	
Revenue	1 Gross receipts	243213.			243213.
	2 Less: Contributions	234110.			234110.
	3 Gross income (line 1 minus line 2)	9103.			9103.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	779.			779.
	7 Food and beverages	11926.			11926.
	8 Entertainment	805.			805.
	9 Other direct expenses	22455.			22455.
	10 Direct expense summary. Add lines 4 through 9 in column (d)				35965.
	11 Net income summary. Subtract line 10 from line 3, column (d)				-26862.

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No		
7 Direct expense summary. Add lines 2 through 5 in column (d)					
8 Net gaming income summary. Subtract line 7 from line 1, column (d)					

9 Enter the state(s) in which the organization conducts gaming activities: _____

a Is the organization licensed to conduct gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: _____

- 11** Does the organization conduct gaming activities with nonmembers? ☐ Yes ☐ No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No
- 13** Indicate the percentage of gaming activity conducted in:
- | | | |
|--------------------------------------|------------|---|
| a The organization's facility | 13a | % |
| b An outside facility | 13b | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name

Address

- 15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

- b** If "Yes," enter the amount of gaming revenue received by the organization \$ _____ and the amount of gaming revenue retained by the third party \$ _____
- c** If "Yes," enter name and address of the third party:

Name

Address

- 16** Gaming manager information:

Name

Gaming manager compensation \$ _____

Description of services provided

☐

Director/officer

☐

Employee

☐

Independent contractor

- 17** Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$ _____

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions.

Part IV Supplemental Information *(continued)*

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**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.
Attach to Form 990.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

**Open to Public
Inspection**

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ **Yes** ☐ **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of noncash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table
- 3** Enter total number of other organizations listed in the line 1 table

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) 2022

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.

Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
GRANT ASSISTANCE	551	0.	1178340.	FMV	FOOD, SHELTER, COVID SUPPLIES

Part IV Supplemental Information. Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

PART I, LINE 2:

FOR ALL GRANTS MADE BY FRIENDSHIP SHELTER, WE CONDUCT PROPER PRE-GRANT DUE
DILIGENCE TO ENSURE THAT THE GRANT RECIPIENTS ARE TRULY ELIGIBLE.

SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
Attach to Form 990 or Form 990-EZ.
Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2022

Open to Public
Inspection

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number
33-0219404

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

MEMBERS OF THE COMMUNITY.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

COMMUNITY RESOURCES.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FINANCE COMMITTEE OF THE BOARD REVIEWS THE RETURN ANNUALLY AND MAKES
RECOMMENDATIONS TO THE BOARD. THE BOARD RECEIVES A FINAL COPY OF THE 990
PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C:

ALL MEMBERS OF THE BOARD OF DIRECTORS, OFFICERS, AND MANAGEMENT PERSONNEL
MUST COMPLETE A CONFLICT OF INTEREST FORM STATING THEY EITHER HAVE NO
CONFLICT TO REPORT OR A SPECIFIC CONFLICT TO DISCLOSE.

FORM 990, PART VI, SECTION B, LINE 15:

THE BOARD OF DIRECTORS OF THE ORGANIZATION SERVE WITHOUT COMPENSATION. THE
EXECUTIVE SALARY IS SET AND APPROVED ANNUALLY BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 19:

ALL WRITTEN REQUESTS FOR GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY,
AND 990 FILINGS ARE MADE AVAILABLE TO THE PUBLIC.

FORM 990, PART XII, LINE 2C:

THE ORGANIZATION HAS NOT CHANGED EITHER ITS OVERSIGHT PROCESS OR

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990) 2022

Name of the organization

FRIENDSHIP SHELTER, INC.

Employer identification number

33-0219404

SELECTION PROCESS DURING THE YEAR.

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SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships
Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
Attach to Form 990.

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2022
Open to Public
Inspection

Name of the organization FRIENDSHIP SHELTER, INC.	Employer identification number 33-0219404
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Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
HENDERSON HOUSE LLC - 33-0219404 PO BOX 4252 LAGUNA BEACH, CA 92652	HELP HOMELESS ADULTS ACHIEVE SELF-SUFFICIENCY	CALIFORNIA	126063.	2163246.	FRIENDSHIP SHELTER, INC.

Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2022

Part III Identification of Related Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

[illegible]

Part IV Identification of Related Organizations Taxable as a Corporation or Trust. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

[illegible]

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Dividends from related organization(s)	1f	
g Sale of assets to related organization(s)	1g	
h Purchase of assets from related organization(s)	1h	
i Exchange of assets with related organization(s)	1i	
j Lease of facilities, equipment, or other assets to related organization(s)	1j	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	
o Sharing of paid employees with related organization(s)	1o	
p Reimbursement paid to related organization(s) for expenses	1p	
q Reimbursement paid by related organization(s) for expenses	1q	
r Other transfer of cash or property to related organization(s)	1r	
s Other transfer of cash or property from related organization(s)	1s	
2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.		

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

[illegible]

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R. See instructions.

DRAFT

2022

California Exempt Organization Annual Information Return

199

Calendar Year 2022 or fiscal year beginning (mm/dd/yyyy)

, and ending (mm/dd/yyyy)

Corporation/Organization name

FRIENDSHIP SHELTER, INC.

Additional information. See instructions.

California corporation number

1577165

FEIN

33-0219404

Street address (suite or room)

P.O. BOX 4252

City

LAGUNA BEACH

State

CA

ZIP code

92652

Foreign country name

Foreign province/state/county

Foreign postal code

- A** First return ☐ Yes ☒ No
- B** Amended return ☐ Yes ☒ No
- C** IRC Section 4947(a)(1) trust ☐ Yes ☒ No
- D** Final information return?
- ☐ Dissolved ☐ Surrendered (Withdrawn) ☐ Merged/Reorganized
- Enter date: (mm/dd/yyyy) •
- E** Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other
- F** Federal return filed? (1) • ☐ 990T (2) • ☐ 990PF (3) • ☐ Sch H (990)
- (4) ☒ Other 990 series
- G** Is this a group filing? See instructions ☐ Yes ☒ No
- H** Is this organization in a group exemption ☐ Yes ☒ No
- If "Yes," what is the parent's name?

- I** Did the organization have any changes to its guidelines not reported to the FTB? See instructions ☐ Yes ☒ No
- J** If exempt under R&TC Section 23701d, has the organization engaged in political activities? See instructions. ☐ Yes ☒ No
- K** Is the organization exempt under R&TC Section 23701g? ☐ Yes ☒ No
- If "Yes," enter the gross receipts from nonmember sources \$
- L** Is the organization a limited liability company? ☐ Yes ☒ No
- M** Did the organization file Form 100 or Form 109 to report taxable income? ☐ Yes ☒ No
- N** Is the organization under audit by the IRS or has the IRS audited in a prior year? ☐ Yes ☒ No
- O** Is federal Form 1023/1024 pending? ☐ Yes ☒ No
- Date filed with IRS

Part I Complete Part I unless not required to file this form. See General Information B and C.

Receipts and Revenues	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	434240	00
	2	Gross dues and assessments from members and affiliates	2		00
	3	Gross contributions, gifts, grants, and similar amounts received STMT 1	3	8806662	00
	4	Total gross receipts for filing requirement test. Add line 1 through line 3. This line must be completed. If the result is less than \$50,000, see General Information B	4	9240902	00
	5	Cost of goods sold	5		00
	6	Cost or other basis, and sales expenses of assets sold	6		00
	7	Total costs. Add line 5 and line 6	7		00
	8	Total gross income. Subtract line 7 from line 4	8	9240902	00
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	9549778	00
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	-308876	00
Filing Fee	11	Total payments	11		00
	12	Use tax. See General Information K	12		00
	13	Payments balance. If line 11 is more than line 12, subtract line 12 from line 11	13		00
	14	Use tax balance. If line 12 is more than line 11, subtract line 11 from line 12	14		00
	15	Penalties and interest. See General Information J	15		00
	16	Balance due. Add line 12 and line 15. Then subtract line 11 from the result	16		00
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
	Signature of officer	Title EXECUTIVE DIRE	Date	Telephone 949-494-6928	
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P01998968	
	Firm's name (or yours, if self-employed) and address			Firm's FEIN 87-4196141	
				Telephone 424-200-7878	
May the FTB discuss this return with the preparer shown above? See instructions <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					

Part II Organizations with gross receipts of more than \$50,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information.

228951 01-10-23

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	•	1	9103	00
	2	Interest	•	2	14724	00
	3	Dividends	•	3		00
	4	Gross rents	•	4		00
	5	Gross royalties	•	5		00
	6	Gross amount received from sale of assets (See instructions)	•	6		00
	7	Other income SEE STATEMENT 2	•	7	410413	00
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	•	8	434240	00
	9	Contributions, gifts, grants, and similar amounts paid	•	9	1178340	00
	10	Disbursements to or for members	•	10		00
	11	Compensation of officers, directors, and trustees SEE STATEMENT 3	•	11	258220	00
	12	Other salaries and wages	•	12	3874836	00
	13	Interest	•	13	53143	00
	14	Taxes	•	14	312788	00
	15	Rents	•	15	1997442	00
	16	Depreciation and depletion (See instructions)	•	16	200801	00
	17	Other expenses and disbursements SEE STATEMENT 4	•	17	1674208	00
	18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	•	18	9549778	00

Schedule L Balance Sheet

Beginning of taxable year

End of taxable year

Assets	(a)	(b)	(c)	(d)
1 Cash		878480	•	1242590
2 Net accounts receivable			•	268112
3 Net notes receivable			•	
4 Inventories			•	
5 Federal and state government obligations			•	
6 Investments in other bonds			•	
7 Investments in stock			•	
8 Mortgage loans			•	
9 Other investments STMT 5		42577	•	33570
10 a Depreciable assets	3692435		3735435	
b Less accumulated depreciation	(2191711)	1500724	(2385340)	1350095
11 Land		347690	•	347690
12 Other assets STMT 6		1754951	•	2341782
13 Total assets		4524422		5583839
Liabilities and net worth				
14 Accounts payable		357868	•	487520
15 Contributions, gifts, or grants payable			•	
16 Bonds and notes payable			•	
17 Mortgages payable		1751533	•	1753007
18 Other liabilities STMT 7		348332		1586638
19 Capital stock or principal fund			•	
20 Paid-in or capital surplus. Attach reconciliation			•	
21 Retained earnings or income fund		2066689	•	1756674
22 Total liabilities and net worth		4524422		5583839

Schedule M-1 Reconciliation of income per books with income per return

Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$50,000.

1 Net income per books	•	-310015	7 Income recorded on books this year not included in this return. Attach schedule	•	
2 Federal income tax	•		8 Deductions in this return not charged against book income this year. Attach schedule	•	
3 Excess of capital losses over capital gains	•		9 Total. Add line 7 and line 8		
4 Income not recorded on books this year. Attach schedule	•		10 Net income per return. Subtract line 9 from line 6		-308876
5 Expenses recorded on books this year not deducted in this return. Attach schedule *	•	1139			
6 Total. Add line 1 through line 5	•	-308876			

* SEE STATEMENT

CA 199	CASH CONTRIBUTIONS INCLUDED ON PART I, LINE 3	STATEMENT	1
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CONTRIBUTOR'S NAME	CONTRIBUTOR'S ADDRESS	DATE OF GIFT	AMOUNT
CITY OF LAGUNA BEACH (ASL SHELTER AND OUTREACH)	505 FOREST AVE LAGUNA BEACH, CA 92651		383451.
MERCY HOUSE LIVING CENTERS (B1, B2, RRH, EHV)	PO BOX 1905 SANTA ANA, CA 92702		3130701.
ORANGE COUNTY HEALTH CARE AGENCY (OCMH, BRIDGE HOUSING & PTB)	405 W 5TH STREET, SUITE 600 SANTA ANA, CA 92701		400322.
ORANGE COUNTY CARE COORDINATION (HDAP, CES, RRH, ESG & SLFRF)	400 W. CIVIC CENTER DRIVE, 5TH FLOOR SANTA ANA, CA 92701		1460119.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (PSH)	451 7TH STREET SW WASHINGTON, DC 20410		634326.
ST JOSEPH HEALTH (MENTAL HEALTH CONTRACT & INTERSECTIONS)	3345 MICHELSON DRIVE IRVINE, CA 92612		226000.
ORANGE COUNTY HOUSING AUTHORITY (OCHA, VOUCHERS FOR VDM)	1501 E ST. ANDREW PL SANTA ANA, CA 92705		247780.
HOUSING FOR HEALTH OC (HHOC COLLABORATIVE, CALAIM)	17701 COWAN #200 IRVINE, CA 92614		721837.
TOTAL INCLUDED ON LINE 3			7204536.

CA 199	OTHER INCOME	STATEMENT	2
DESCRIPTION		AMOUNT	
TRANSITIONAL HOUSING		410413.	
TOTAL TO FORM 199, PART II, LINE 7		410413.	

CA 199	COMPENSATION OF OFFICERS, DIRECTORS AND TRUSTEES	STATEMENT	3
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NAME AND ADDRESS	TITLE AND AVERAGE HRS WORKED/WK	COMPENSATION
DAWN PRICE P.O. BOX 4252 LAGUNA BEACH, CA 92652	EXECUTIVE DIRECTOR 40.00	134600.
RICK SCOTT P.O. BOX 4252 LAGUNA BEACH, CA 92652	CHIEF OPERATING OFFICER 40.00	123620.
WENDY AIRD P.O. BOX 4252 LAGUNA BEACH, CA 92652	PRESIDENT 1.00	0.
MICHAEL GAMERL P.O. BOX 4252 LAGUNA BEACH, CA 92652	VICE PRESIDENT 1.00	0.
THOMAS SALINGER P.O. BOX 4252 LAGUNA BEACH, CA 92652	SECRETARY 1.00	0.
DOUG ANDERSON P.O. BOX 4252 LAGUNA BEACH, CA 92652	TREASURER 1.00	0.
DR. GARY JENKINS P.O. BOX 4252 LAGUNA BEACH, CA 92652	PAST PRESIDENT 1.00	0.
KETTA BROWN P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
CHRISTY CORNWALL P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
JOHN HEFFERNAN UNTIL 03/2022 P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
CAMERON JALBERT P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.

VINCE JENKINS P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
BARBARA MCMURRAY P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
ILENE MUNZINGER P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
TEDDIE RAY P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
MARISA ROBBINS P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
ANDREA SHELLY P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
CINDY SHOPOFF P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
LEA STONE P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
JOSH WOLFF P.O. BOX 4252 LAGUNA BEACH, CA 92652	DIRECTOR 1.00	0.
TOTAL TO FORM 199, PART II, LINE 11		258220.

CA 199	OTHER EXPENSES	STATEMENT	4
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DESCRIPTION	AMOUNT
REPAIRS & MAINTENANCE	158015.
HOUSE SUPPLIES & EQUIP	91854.
TELEPHONE	83177.
TRAINING	70600.
DIRECT EXPENSES OF FUNDRAISING EVENTS	35965.
OTHER EMPLOYEE BENEFITS	281834.
LEGAL FEES	253.
ACCOUNTING FEES	53343.

INVESTMENT MANAGEMENT FEES	254.
OTHER PROFESSIONAL FEES	223601.
OFFICE EXPENSES	108669.
INFORMATION TECHNOLOGY	64286.
TRAVEL	102903.
INSURANCE	197362.
ALL OTHER EXPENSES	202092.
TOTAL TO FORM 199, PART II, LINE 17	1674208.

CA 199	OTHER INVESTMENTS	STATEMENT	5
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DESCRIPTION	BEG. OF YEAR	END OF YEAR
OCCF ENDOWMENT FUND	26160.	24859.
UNEMPLOYMENT SEF INS TRUST	16417.	8711.
TOTAL TO FORM 199, SCHEDULE L, LINE 9	42577.	33570.

CA 199	OTHER ASSETS	STATEMENT	6
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DESCRIPTION	BEG. OF YEAR	END OF YEAR
PLEDGES AND GRANTS RECEIVABLE	1480609.	992120.
PREPAID EXPENSES AND DEFERRED CHARGES	44729.	19997.
LOAN COSTS	79766.	74068.
SECURITY DEPOSITS	149847.	159161.
RIGHT OF USE ASSET(OPERATING LEASES)	0.	1096436.
TOTAL TO FORM 199, SCHEDULE L, LINE 12	1754951.	2341782.

CA 199	OTHER LIABILITIES	STATEMENT	7
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DESCRIPTION	BEG. OF YEAR	END OF YEAR
SECURITY DEPOSITS	3400.	0.
LONG TERM ACCRUED INTEREST	321385.	374528.
RIGHT OF USE LIABILITY (OPERATING LEASES)	0.	1144748.
DEFERRED REVENUE	23547.	67362.
TOTAL TO FORM 199, SCHEDULE L, LINE 18	348332.	1586638.

CA 199	EXPENSES RECORDED ON BOOKS THIS YEAR NOT DEDUCTED IN THIS RETURN	STATEMENT 8
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DESCRIPTION	AMOUNT
UNREALIZED LOSSES	1139.
TOTAL TO FORM 199, SCHEDULE M-1, LINE 5	1139.

CA 199	FUND BALANCES	STATEMENT 9
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DESCRIPTION	BEG. OF YEAR	END OF YEAR
NET ASSETS WITHOUT DONOR RESTRICTIONS	1974189.	1666674.
NET ASSETS WITH DONOR RESTRICTIONS	92500.	90000.
TOTAL TO FORM 199, SCHEDULE L, LINE 21	2066689.	1756674.

MAIL TO:
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470

STREET ADDRESS:
1300 I Street
Sacramento, CA 95814
(916) 210-6400

WEBSITE ADDRESS:
www.oag.ca.gov/charities

ANNUAL REGISTRATION RENEWAL FEE REPORT TO ATTORNEY GENERAL OF CALIFORNIA

**Sections 12586 and 12587, California Government Code
11 Cal. Code Regs. sections 301-306, 309, 311, and 312**

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties. Revenue & Taxation Code section 23703; Government Code section 12586.1. IRS extensions will be honored.

(For Registry Use Only)

FRIENDSHIP SHELTER, INC.

Name of Organization

List all DBAs and names the organization uses or has used

P.O. BOX 4252

Address (Number and Street)

LAGUNA BEACH, CA 92652

City or Town, State, and ZIP Code

949-494-6928

Telephone Number

E-mail Address

Check if:

- ☐ Change of address
☐ Amended report

State Charity Registration Number **CT067230**

Corporation or Organization No. **1577165**

Federal Employer ID No. **33-0219404**

ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311, and 312)

Make Check Payable to Department of Justice

Total Revenue	Fee	Total Revenue	Fee	Total Revenue	Fee
Less than \$50,000	\$25	Between \$250,001 and \$1 million	\$100	Between \$20,000,001 and \$100 million	\$800
Between \$50,000 and \$100,000	\$50	Between \$1,000,001 and \$5 million	\$200	Between \$100,000,001 and \$500 million	\$1,000
Between \$100,001 and \$250,000	\$75	Between \$5,000,001 and \$20 million	\$400	Greater than \$500 million	\$1,200

PART A - ACTIVITIES

For your most recent full accounting period (beginning 01/01/2022 ending 12/31/2022) list:

Total Revenue (including noncash contributions) \$ 9204937 Noncash Contributions \$ 22524 Total Assets \$ 5583839
Program Expenses \$ 8440971 Total Expenses \$ 9513813

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT

Note: All questions must be answered. If you answer "yes" to any of the questions below, you must attach a separate page providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof, either directly or with an entity in which any such officer, director or trustee had any financial interest?		X
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property or funds?		X
3. During this reporting period, were any organization funds used to pay any penalty, fine or judgment?		X
4. During this reporting period, were the services of a commercial fundraiser, fundraising counsel for charitable purposes, or commercial coventurer used?		X
5. During this reporting period, did the organization receive any governmental funding? SEE STATEMENT 10	X	
6. During this reporting period, did the organization hold a raffle for charitable purposes?		X
7. Does the organization conduct a vehicle donation program?		X
8. Did the organization conduct an independent audit and prepare audited financial statements in accordance with generally accepted accounting principles for this reporting period?	X	
9. At the end of this reporting period, did the organization hold restricted net assets, while reporting negative unrestricted net assets?		X

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, the content is true, correct and complete, and I am authorized to sign.

DAWN PRICE

EXECUTIVE DIRECTOR

Signature of Authorized Agent

Printed Name

Title

Date

CA RRF-1

INFORMATION REGARDING GOVERNMENTAL FUNDING
PART B, LINE 5

STATEMENT 10

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
300 N. LOS ANGELES ST., SUITE #4054
LOS ANGELES, CA 90012
ESTER DELA
(213) 534-2545

CITY OF LAGUNA BEACH
505 FOREST AVE
LAGUNA BEACH, CA 92651
CHRISTA JOHNSON
(949) 497-0352

CALHFA CALIFORNIA HOUSING FINANCE AGENCY
500 CAPITAL MALL, SUITE 1400
SACRAMENTO, CA 95814
(877) 922-5432

ORANGE COUNTY HEALTH CARE AGENCY
405 W. 5TH STREET, SUITE 600
SANTA ANA, CA 92701
(714) 834-5820

ORANGE COUNTY CARE COORDINATION
400 W. CIVIC CENTER DRIVE, 5TH FL
SANTA ANA, CA 92701
(714) 567-7368

ORANGE COUNTY HOUSING AUTHORITY
1501 E ST ANDREW PL,
SANTA ANA, CA 92705
(714) 480-2700

Operating Reserves Policy

Friendship Shelter, Inc Operating Reserves Policy

PURPOSE

The purpose of the Operating Reserves policy for Friendship Shelter, Inc. is to ensure that the organization has a sufficient cash balance, at any point in time, to reasonably address any/all of the following potential short-term risks:

- 1) Shortfall in one or more categories of revenue
- 2) Unexpected or uninsured capital asset repair or replacement
- 3) Unexpected non-recurring operating expense or the timing of expenses
- 4) Extended delay in receipt of committed funds

Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of Friendship Shelter, Inc. for Operating Reserves to be used and replenished within a reasonably short period of time (< 6 months). The Operating Reserve policy will be implemented in concert with the other governance and financial policies of the organization and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans

DEFINITIONS AND GOALS

The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Directors. The minimum amount to be designated as Operating Reserve will be established in an amount sufficient to maintain ongoing operations at any point in time (See attached Operating Reserve calculation). The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund employs a risk-based methodology for reserve-setting that addresses, for each of the risks 1 through 4 above, the following:

- a) Nature, potential amount, and advance warning interval (if any) of the triggering event(s)
- b) Nature of expected impact mitigation (corrective action or risk transfer) within the advance warning interval period
- c) The net expected short-term impact on cash, net of mitigating actions

After the above have been estimated for each risk category, the total of the unmitigated short-term risks should be summed, with such result representing the minimum cash reserve requirement. A cushion of 25% should be added to such minimum, representing the targeted level of cash reserves, at any point during a fiscal year.

USE OF RESERVES

Use of the Operating Reserves requires three steps:

1. Identification of appropriate use of reserve funds.

The Executive Director and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required and replenished.

2. Authority to use operating reserves

Authority for use of Operating Reserves is delegated to the Executive Director in consultation with the Treasurer and/or Chair of the Finance Committee. The use of Operating Reserves will be reported to the Executive Committee/Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and plans for replenishment to restore the Operating Reserve fund to the target minimum amount. The Executive Director must receive prior approval from the Executive Committee/Board of Directors if the Operating Reserves will take longer than 12 months to replenish.

3. Reporting and monitoring.

The Executive Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy. Upon approval for the use of Operating Reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Committee/Board of Directors of progress to restore the fund to the target minimum amount.

Program Descriptions

Founded in 1988 by community activists, today Friendship Shelter provides a continuum of programs designed to meet the dynamic needs of our clients. Last year alone, we served 551 unique individuals and helped 122 people move out of homelessness and into permanent housing. We have worked with more than 10,000 people to end their homelessness and are proud that each night more than 200 homeless and formerly homeless people sleep safe, warm, and cared for in one of our programs.

Since 2019, our programs contributed to a 23% reduction in homelessness in south Orange County and a 60% decrease in unsheltered homelessness in Laguna Beach, where our outreach and shelter programs operate.

OUR APPROACH

Friendship Shelter operates street outreach, housing-focused shelter, and housing programs. Additionally, we manage Orange County's Coordinated Entry System for individuals.

All Friendship Shelter programs employ a Housing First approach without “housing readiness” conditions or exclusions. Our staff works with each client to provide supportive and stabilization services based on their unique circumstances and need. These services always remain available and are not made mandatory as a condition of tenancy. Our team emphasizes engagement and problem-solving goals to help overcome barriers to acquiring and maintaining permanent housing.

Friendship Shelter staff members are trained to use trauma-informed case management practices. This includes understanding and respecting the client’s personal culture, gender and sexual identity to eliminate feelings of shame, blame, guilt, and stigma; identifying and understanding their “triggers”; establishing trust and predictability; ensuring that the client feels safe when engaged in services; and promoting a strength-based approach to goal setting and action plans that fosters opportunities for success.

Our service delivery approach incorporates the Recovery Model, which is centered around client strengths. We proudly partner with CalOptima, Psychiatric Nurse Practitioners, the Orange County Health Care Agency, Telecare, CHAT-H nurses, and others to ensure that people with severe and persistent mental illness or dual diagnosis have access to appropriate care and intervention while simultaneously pursuing housing.

At Friendship Shelter our goal is always to move each person who walks through our doors out of homelessness and into permanent housing as swiftly as possible while providing critical support services.

OUTREACH

Our outreach teams meet people where they are – whether on the beach, the street, or somewhere in between – to engage, assess, and assist as many homeless individuals as possible. We've engaged nearly 1,000 people to date, providing successful linkages to referred services and direct submissions to the Coordinated Entry System for housing placements.

Services We Provide

We operate two types of Outreach: Street Outreach and Community Outreach. Our teams help provide access to basic services to meet individual needs, including shelter and housing connections, sack lunches, physical, mental and behavioral healthcare, transportation, social services, and individualized case management.

Referrals

Referrals for Friendship Shelter's street outreach program are currently accepted from individuals (including self-referrals), organizations, and government agencies. Community outreach clients are referred through their health network, or are able to self-refer to Friendship Shelter.

Who We Work With

Friendship Shelter's street outreach work is conducted in the downtown business district of Laguna Beach. This is an area that includes a significant portion of south Orange County's chronically homeless population. Our community outreach team works in partnership with CalOptima's CalAIM initiative to provide services to people experiencing homelessness or who are at-risk of homelessness and who are enrolled in Medi-Cal.

Collaboration

Our street outreach team coordinates with our shelter and housing staff as well as with local police and other south Orange County service providers. Community outreach is directly associated with CalAIM, a five-year initiative by the Department of Health Care Services to improve the quality of life and health outcomes of the Medi-Cal population.

HOUSING-FOCUSED SHELTER

Friendship Shelter helps each person who walks through the doors of one of our shelters move out of homelessness and into permanent housing through evidence-based, nationally accepted best practices. Our goal is always to ensure our shelters are housing-focused and that our clients are set up for success after moving into their housing.

Our Shelter Programs

We employ evidence-based, nationally accepted best practices for ensuring our shelters are dynamic, effective resources. The Bridge Housing program (30 beds) is located on S. Coast Highway in Laguna Beach. The ASL Emergency Shelter (45 beds) is a collaboration between Friendship Shelter and the City of Laguna Beach and located on Laguna Canyon Road.

Services We Provide

Both shelters provide basic needs and wraparound services including a safe place to sleep, shower, and do laundry; all meals; assistance connecting to medical and mental healthcare; income, benefit and employment assistance; and transportation support. We provide direct on-site mental and behavioral health assessment and treatment.

Collaboration

Our mental and behavioral health assessment and treatment is delivered by contracted psychiatric nurse practitioners and MSW clinical social workers. We refer clients to external providers including Orange County Health Care Agency, and Mission Hospital.

The Client's Experience

Our goal for every person who walks through our doors is to move out of homelessness and into permanent housing as swiftly as possible. Clients work from day one with a Housing Coordinator, who helps set goals for permanent housing, including assistance with searching, applying for, and moving into appropriate housing.

HOUSING

Friendship Shelter's Housing team works with nearly 200 individuals who have experienced homelessness and are now living in their permanent homes. We operate Rapid Re-Housing, Housing with Vouchers, and Permanent Supportive Housing programs. Last year, 98% of our housing tenants remained stably housed.

RAPID RE-HOUSING

We provide full rental assistance, deposits, utility assistance, housing location and stabilization services, limited food and transportation assistance, and referrals to community resources, agency partners, health resources and mainstream benefits to help households maintain stability. Participants will work closely with a case manager to set housing stabilization goals and create a plan to maintain their housing. As soon as a participant enrolls in this time limited program the case manager creates an appropriate housing plan with the participant based on an assessment of housing needs, resources, and goals. Our team helps participants with rental applications, preparation to make personal contact with landlords and assistance following up, and help connecting to resources in the community for long-term housing sustainability.

HOUSING WITH VOUCHERS

Friendship Shelter is a contracted provider of housing navigation and supportive services for clients with housing vouchers. Clients receive ongoing, wrap-around services including day-to-day support from case managers, transportation to local resources, and disability benefits when appropriate. Vouchers are administered through the County's Public Housing Authorities to clients who have proven their eligibility, which includes low income, a disability, or homelessness. Vouchers are the promise of a permanent home, but clients must source their own rental units and often fail without the help of our experienced team due to a lack of resources willing landlords.

PERMANENT SUPPORTIVE HOUSING (PSH)

The most valuable service of PSH is the housing itself. Tenants move into fully furnished apartment units scattered throughout south Orange County. Case managers provide day-to-day support, including life skills training and connections, transportation to local resources for food, employment, and health care needs, and disability benefits when appropriate. Clients pay 30% of income as rent and sign a lease similar to a market rate apartment. Our team assesses client needs and develops a plan for each person's unique circumstances. A benefits specialist assists clients in securing and maintaining income benefits, food stamps, and medical benefits.

INDIVIDUAL COORDINATED ENTRY SYSTEM (CES)

Since February 2021, Friendship Shelter has administered the Individual CES for all of Orange County. CES simplifies the process of seeking resources to help address housing crises by linking people in crisis to housing programs they are eligible for. People are first assessed for housing needs, then prioritized based on indicators of vulnerability before being referred to housing opportunities to help end their experience of homelessness or housing insecurity.

Background

Friendship Shelter has provided leadership since the earliest iteration of Orange County's CES, including advocating among fellow service providers for the adoption of the strategy. Our Executive Director Dawn Price was a member of the small working group that was convened prior to the County's adoption of CES to assess available models and identify Orange County's preferred system. Friendship Shelter was among the first housing organizations to place tenants in units and was one of the first shelter providers to assess and document client eligibility for housing using CES. Under Friendship Shelter's leadership, ICES has made significant improvements in efficiency, transparency, and performance.

Services We Provide

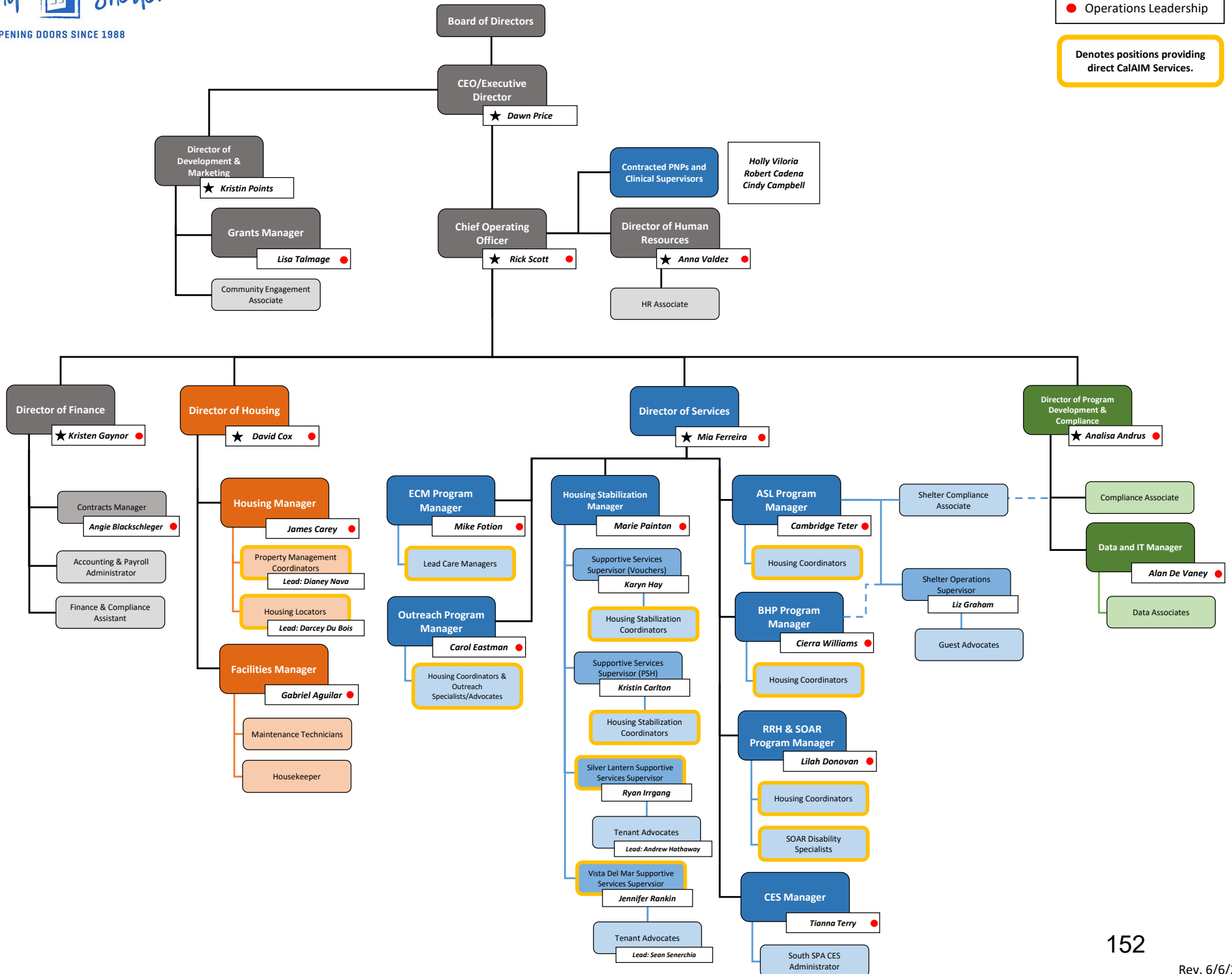
As the administrator of the Individual Coordinated Entry System for the County, our CES team facilitates housing match meetings, trainings, regional partner meetings, and holds office hours for individuals experiencing homelessness. Friendship Shelter also serves as an access point for homeless individuals through our shelter and street outreach programs; and as a housing provider accepting enrollments of homeless individuals matched to our housing opportunities through CES. We attend CES meetings to advocate for eligible clients to be matched to appropriate housing services and resources and share housing opportunities available within our own programs.

Organizational Chart

2023 Organizational Chart

★ Senior Leadership
● Operations Leadership

Denotes positions providing direct CalAIM Services.



Strategic Action Plan

2022-2025 Strategic Priorities

Our near-term vision:

LEAD THE WAY

- ✓ Challenging entrenched systems & approaches
- ✓ 100% committed to our approach
- ✓ Unapologetic
- ✓ Audacious when needed
- ✓ Humble and comfortable with learning & innovation
- ✓ Mindful that the inherent urgency of our work must not create chaos

OUR PHILOSOPHY

We see our primary responsibility as ending homelessness in south Orange County. We know homelessness is ended only through housing. Because we believe housing is a human right, we work to improve equity in access to housing through our service delivery and our advocacy. We deliver housing and housing-focused services with dignity, respect and compassion. We are focused on doing what is right – not what is easy. We are values-driven and passionate about identifying and using the best long-term solutions and tools. We see ourselves as integral parts of the community.

PROPOSED STRATEGIC PRIORITIES

- **Engage in Smart Growth**
 - ✓ Employ a multi-disciplinary process involving leaders from all organizational departments when evaluating new program opportunities
 - ✓ Emphasize housing
 - ✓ Improve shelter through lessons learned and/or South OC opportunities
 - ✓ Grow what's working – nurture effective current programs
 - ✓ Strive toward full-cost funding for all programs
- **Create and Promote a Culture of Well-Being**
 - ✓ Nurture our organizational culture via ongoing engagement with employees
 - ✓ Align compensation with our shared work and values
 - ✓ Identify and employ technology that improves efficiency and enables creativity and collaboration
 - ✓ Ensure client well-being and dignity by employing ethical story-telling practices
 - ✓ Normalize manageable workloads that allow time for learning, planning and evaluation

- **Strengthen our Organization**
 - ✓ Prioritize equity and justice around issues including race, ethnicity, gender, sexual identity and disability
 - ✓ Create internal accountability through group agreements and organization-wide evaluation
 - ✓ Secure our future by identifying and developing emerging leaders
 - ✓ Ensure key infrastructure areas (finance, HR, development/marketing) are growing in proportion to program growth.
 - ✓ Identify and secure cash management resources
- **Build Upon our System and Regional Leadership**
 - ✓ Invest staff time in efforts that improve our local and regional systems
 - ✓ Assert ourselves as a leader and educator on best-practice solutions
 - ✓ Deepen community engagement, especially among supporters
 - ✓ Employ marketing as advocacy, and advocacy as marketing
 - ✓ Resolve to deepen collaborations to innovate and strengthen ourselves and our partners
 - ✓ Ensure a best-practice volunteer program that engages our community

OUR STRATEGIC LENS

Over the past 36 months we employed our strategic lens as a tool to view new opportunities, projects and work. These questions have served us well. We will continue to employ them within a more structured, multi-disciplinary internal framework for growth decision-making. When considering opportunities, we will ask:

- Does this advance us toward ending homelessness (does it get and keep people housed)?
- Is it consistent with our values (Compassion, Acceptance, Responsibility, Integrity, Creativity, Flexibility, Community)?
- Is it a match with our experience and skills? Is it in our wheelhouse?
- Can we do it well?
- Does it improve our financial position?
- Do we have the capacity?
- Can we maintain employee well-being while adding the tasks associated with this opportunity?
- How will it impact our structure and infrastructure?
- Is it interesting, challenging and good for our learning and growth?
- What is the cost of not doing it?

HOW WE WILL LIVE OUR VISION

- Create a bold, agile, collaborative organization
- Be the leader in ending homelessness in our communities and region
- Understand and accept the limits of our capacity for growth, mindful of maintaining financial health and employee well-being.
- Become the employer of choice for people working in our field
- Promote an internal culture of leadership and continuous leader learning
- Steadfastly aim all programs at housing and keeping people housed
- Be wildly creative and entrepreneurial in sourcing housing
- Study, refine, create, and adequately fund the supports needed to keep people housed
- Inspire our communities to love us through listening, good work and powerful storytelling
- Engage and grow our donor base with our bold vision and work
- Accept challenges and failure as learning