

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter) (the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
July 23, 2021

CONSOLIDATED FINANCIAL STATEMENTS

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 4,429,027	\$ 3,885,231
Accounts receivable	1,446,054	1,401,952
Investments	2,152,675	-
Prepaid expenses	97,723	78,397
Due from affiliate	4,951	15,797
Total current assets:	8,130,430	5,381,377
Non-current assets:		
Furniture, equipment and leasehold improvements, net	662,417	600,471
Other assets	26,235	26,235
Total non-current assets:	688,652	626,706
Total assets	\$ 8,819,082	\$ 6,008,083
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 73,799	\$ 285,896
Total current liabilities:	73,799	285,896
Total liabilities	73,799	285,896
Net assets		
With donor restrictions	487,316	-
Without donor restrictions	8,257,967	5,722,187
Total net assets	8,745,283	5,722,187
Total liabilities and net assets	\$ 8,819,082	\$ 6,008,083

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

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
SUPPORT AND REVENUE:						
Contributions	\$ 3,940,280	\$ -	\$ 3,940,280	\$ 1,369,478	\$ -	\$ 1,369,478
In-Kind donated goods	1,513,098	-	1,513,098	2,203,955	-	2,203,955
In-Kind rent and services	643,892	-	643,892	371,403	-	371,403
Special events	358,923	-	358,923	676,581	-	676,581
Grants revenue	7,481,272	487,316	7,968,588	7,642,466	-	7,642,466
Investment and other income	196,893	-	196,893	2,099	-	2,099
Thrift shop sales	110,528	-	110,528	75,504	-	75,504
Total support and revenue	<u>14,244,886</u>	<u>487,316</u>	<u>14,732,202</u>	<u>12,341,486</u>	<u>-</u>	<u>12,341,486</u>
EXPENSES:						
Program services:						
Conferences and meetings	11,986	-	11,986	8,769	-	8,769
Depreciation	82,713	-	82,713	57,754	-	57,754
Food and meals	900,791	-	900,791	476,284	-	476,284
Insurance	235,571	-	235,571	99,519	-	99,519
Materials and supplies	13,258	-	13,258	5,128	-	5,128
Office expenses	48,001	-	48,001	51,483	-	51,483
Public awareness/outreach	20,521	-	20,521	47,132	-	47,132
Rent	357,712	-	357,712	148,704	-	148,704
Repairs and maintenance	421,626	-	421,626	149,598	-	149,598
Salaries and related expenses	6,249,669	-	6,249,669	4,704,964	-	4,704,964
Supplies- Special Needs from Thrift Shop	1,182,345	-	1,182,345	1,700,778	-	1,700,778
Supportive services	1,065,179	-	1,065,179	2,011,875	-	2,011,875
Donated goods	330,177	-	330,177	225,228	-	225,228
Utilities	317,079	-	317,079	258,262	-	258,262
Total program services	<u>11,236,628</u>	<u>-</u>	<u>11,236,628</u>	<u>9,945,478</u>	<u>-</u>	<u>9,945,478</u>
Supporting services:						
Management and general:						
Office expenses	70,470	-	70,470	67,681	-	67,681
Professional fees	354,660	-	354,660	151,842	-	151,842
Salaries and related expenses	15,971	-	15,971	13,103	-	13,103
Total management and general	<u>441,101</u>	<u>-</u>	<u>441,101</u>	<u>232,626</u>	<u>-</u>	<u>232,626</u>
Fundraising:						
Salaries and related expenses	15,970	-	15,970	13,103	-	13,103
Special event	15,407	-	15,407	58,132	-	58,132
Total fundraising	<u>31,377</u>	<u>-</u>	<u>31,377</u>	<u>71,235</u>	<u>-</u>	<u>71,235</u>
Total supporting services	<u>472,478</u>	<u>-</u>	<u>472,478</u>	<u>303,861</u>	<u>-</u>	<u>303,861</u>
Total expenses	<u>11,709,106</u>	<u>-</u>	<u>11,709,106</u>	<u>10,249,339</u>	<u>-</u>	<u>10,249,339</u>
Change in net assets	<u>2,535,780</u>	<u>487,316</u>	<u>3,023,096</u>	<u>2,092,147</u>	<u>-</u>	<u>2,092,147</u>
Net assets, beginning of year	<u>5,722,187</u>	<u>-</u>	<u>5,722,187</u>	<u>3,630,040</u>	<u>-</u>	<u>3,630,040</u>
Net assets, end of year	<u>\$ 8,257,967</u>	<u>\$ 487,316</u>	<u>\$ 8,745,283</u>	<u>\$ 5,722,187</u>	<u>\$ -</u>	<u>\$ 5,722,187</u>

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

THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,023,096	\$ 2,092,147
Depreciation	82,713	57,754
(Increase) decrease in:		
Accounts receivable	(44,102)	256,889
Prepaid expenses	(19,326)	(8,284)
Due from affiliate	10,846	191,796
Other assets	-	(613)
Increase (decrease) in:		
Accounts payable and accrued expenses	(212,097)	(16,578)
Due to affiliate	-	(10,000)
Net cash provided by operating activities	<u>2,841,130</u>	<u>2,563,111</u>
Cash flows from investing activities:		
Purchase of investments	(2,152,675)	-
Acquisition of furniture and equipment	<u>(144,659)</u>	<u>(366,001)</u>
Net cash used in investing activities	<u>(2,297,334)</u>	<u>(366,001)</u>
Net increase in cash	543,796	2,197,110
Cash, beginning of year	<u>3,885,231</u>	<u>1,688,121</u>
Cash, end of year	<u>\$ 4,429,027</u>	<u>\$ 3,885,231</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 – NATURE OF ACTIVITIES

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

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

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

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

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

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

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

The Foundation, Lotus House Thrift LLC, and Lotus Wellness Center, LLC will be collectively referred to as the Foundation in the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Statement Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (as amended by ASU 2016-14, Not-For-Profit Entities) dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide"). (ASC) 958-205, as amended, was effective January 1, 2018.

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time. Total net assets without donor restrictions as of December 31, 2020 and 2019 were \$8,257,967 and \$5,722,187, respectively.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Total net assets with donor restrictions as of December 31, 2020 and 2019 were \$487,316 and \$0, respectively.

C. Principles of Consolidation

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

D. Cash

For purposes of the statement of financial position and statement of cash flows, cash consists of cash and other highly liquid resources.

E. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

F. Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management believes that all receivables, are collectible within one year, therefore, the Foundation has not included a provision for uncollectible accounts. Any accounts deemed uncollectible will be charged to expense when the determination is made. There were no uncollectible accounts during the years ended December 31, 2020 and 2019.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Contributions

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

When donor restrictions expire or are fulfilled by actions of the Foundation, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

H. Furniture, Equipment and Leasehold Improvements

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

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

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

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

I. Donated Goods and Services

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

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

J. Functional Allocation of Expenses

The costs of providing the program activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

K. Income Taxes

The Foundation is tax-exempt under Section 501(c) (3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business. The Foundation did not have any unrelated business income for the years ended December 31, 2020 and 2019.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Income Taxes (Continued)

The Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020 or 2019.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for years prior to 2017. The Foundation's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

L. Use of Estimates

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

M. Subsequent Events

The Sundari Foundation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 23, 2021, the date the financial statements were available to be issued. Except as discussed in Note 9, no events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date at December 31, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,429,027	\$ 3,885,231
Accounts receivable	1,446,054	1,401,952
Due from affiliate	4,951	207,593
	<u>\$ 5,880,032</u>	<u>\$ 5,494,776</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 – CONCENTRATION OF CREDIT RISK

Credit Risk

The Foundation maintains its cash balances in a financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, there was an uninsured cash balances of \$4,091,922 and \$3,004,380, respectively. The Foundation believes that the risk of loss with respect to financial institutions has been reduced by choosing strong institutions with which to do business.

NOTE 5 – ACCOUNTS RECEIVABLE

The breakdown of accounts receivable which are all due in less than one (1) year as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Others	\$ -	\$ 500
Grants	1,446,054	1,401,452
	<u>\$ 1,446,054</u>	<u>\$ 1,401,952</u>

NOTE 6 – INVESTMENTS

Investments are stated at fair value and consist of the following as of December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Equities	\$ 717,039	\$ -
Fixed Income	1,392,124	-
Tangible - commodities	43,512	-
Total	<u>\$ 2,152,675</u>	<u>\$ -</u>

NOTE 7 – FAIR VALUE MEASUREMENTS

Fair values of investments measured at December 31, 2020 are as follows:

	<u>Fair Value Measurements at Reporting Date</u>	
<u>December 31, 2020</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments		
Equities	\$ 717,039	\$ 717,039
Fixed Income	1,392,124	1,392,124
Tangible - commodities	43,512	43,512
Total	<u>\$ 2,152,675</u>	<u>\$ 2,152,675</u>

The Foundation did not have investments as of December 31, 2019.

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NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

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

NOTE 8 – FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
CIP	\$ 40,600	\$ 88,412
Buildings	95,000	95,000
Vehicles	323,359	294,386
Furniture and equipment	<u>468,645</u>	<u>305,147</u>
	927,604	782,945
Less: Accumulated Depreciation	<u>(265,187)</u>	<u>(182,474)</u>
	<u>\$ 662,417</u>	<u>\$ 600,471</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$82,713 and \$57,754, respectively.

NOTE 9 – PAYCHECK PROTECTION PROGRAM

On April 2020, the Foundation executed a loan for \$843,722 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act that was signed into law on March 27, 2020. Of this amount, the Foundation allocated \$58,281 to Lotus House Thrift LLC. The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the Foundation retains employees during a specified period of time. The Foundation has elected to account for the PPP funds in accordance with FASB’s ASC 958-605, Not-for-Profit Entities Revenue Recognition. Under this method, the Foundation recognized the full loan amount as revenue as the related conditions were deemed substantially met by management. The funds are accounted for on the Consolidated Statements of Activities and Changes in Net Assets in Grants Revenue. The full amount of the loan was forgiven during January 2021.

NOTE 10 – CONTINGENCIES

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

NOTE 11 – IN-KIND DONATIONS

The Foundation records various types of in-kind support, including services, furniture, clothes, supplies and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2020 and 2019, \$1,513,098 and \$2,203,955 were recognized, respectively.

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

**THE SUNDARI FOUNDATION, INC.
AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
(a nonprofit organization)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 – DONATED FACILITIES

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

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

In connection with the transfer on September 23, 2016, by Lotus Endowment to its subsidiary, Lotus Village Development, LLC, of the eleven parcels of property, now bearing the consolidated address of 217 NW 15th Street, Miami, Florida for redevelopment, Lotus Village Development, LLC entered into a new lease with the Foundation for the property to use and operate the same as a comprehensive homeless services facility, including a homeless shelter with amenities, health clinic and childcare center. The new lease commenced September 16, 2016 and expires December 1, 2045, subject to renewal. Rent commences the later of occupancy of the new facilities or June 1, 2018.

The Foundation is required to pay annual basic rent in the following quarterly installment amounts: (i) \$49,000 on June 1, 2018 (or such lesser prorated applicable quarterly amount if the Occupancy Date occurs after February 28, 2018) and each Due Date thereafter through December 1, 2022; (ii) \$60,000 on March 1, 2023 and each Due Date thereafter through December 1, 2023; (iii) \$98,500 on March 1, 2024 and each Due Date thereafter through December 1, 2025; (iv) \$157,000 on March 1, 2026 and each Due Date thereafter through December 1, 2026; and (v) \$332,000 on March 1, 2017 and each Due Date thereafter until the end of the Lease; in addition to utilities, taxes, insurance and other operating costs.

The Foundation has recorded an in-kind contribution and rent expense of \$305,022 and \$148,704 for the use of the facilities under the lease agreement for the year ended December 31, 2020 and 2019, respectively. This amount approximates the fair market value of rent expense.

NOTE 13 – RISK AND UNCERTAINTIES

During March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and cities, could continue to be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and is continuously evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Sundari Foundation, Inc. and Affiliates (D.B.A. The Lotus House Women's Shelter), Inc. (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
July 23, 2021



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

Report on Compliance for Each Major Federal Program

We have audited the Sundari Foundation, Inc. and Affiliates' (D.B.A. The Lotus House Women's Shelter) (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2020. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Foundation's major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each of the Major Federal Program

In our opinion, the Foundation 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, 2020.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

Report on Internal Control Over Compliance (Continued)

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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
July 23, 2021

**THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Contract Grant Number	Federal Expenditures
<i>CDBG - Entitlement Grants-Cluster</i>			
U.S. Department of Housing and Urban Development Pass-Through the City of Miami Community Development Block Grants/Entitlement Grants	14.218	R-16-0102	<u>16,111</u>
<i>Total CDBG - Entitlement Grants-Cluster</i>			<u>16,111</u>
<i>Other Programs</i>			
U.S. Department of Homeland Security Pass-Through United Way of Miami Dade County Emergency Food and Shelter National Board Program	97.024	N/A	<u>32,998</u>
Total United Way of Miami Dade County			32,998
U.S. Department of Justice Pass-Through the State of Florida Office of the Attorney General Crime Victim Assistance	16.575	00391	<u>205,264</u>
Total U.S. Department of Justice			205,264
U.S. Department of Health and Human Services Transitional Living for Homeless Youth	93.550	90CX7129-02-00	<u>242,407</u>
Total U.S. Department of Health and Human Services			242,407
U.S. Department of Housing and Urban Development Pass-Through Miami Dade County Emergency Solutions Grant Program	14.231	R-762-17	<u>313,945</u>
Total Emergency Solutions Grant Program			313,945
Pass-Through Miami Dade County Home Investment Partnerships Program	14.239	R-728-16	<u>391,865</u>
Total Home Investment Partnerships Program			<u>391,865</u>
Total Department of Housing and Urban Development			<u>705,810</u>
U.S. Department of Veterans Affairs VA Homeless Providers Grant and Per Diem Program	64.024	SDFI266-0923-546- SI-19	<u>95,112</u>
Total U.S. Department of Veterans Affairs			<u>95,112</u>
<i>Total Other Programs</i>			<u>1,281,591</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,297,702</u></u>

N/A - Not Available

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)**
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Sundari Foundation, Inc. and Affiliates (D.B.A The Lotus House Women's Shelter) (the "Foundation") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The Foundation has elected not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? 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 federal program:

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
16.575	Crime Victim Assistance
93.550	Transitional Living for Homeless Youth

Dollar threshold used to distinguish between Type A and Type B Programs: 750,000

Auditee qualified as low risk auditee? Yes No

**THE SUNDARI FOUNDATION, INC. AND AFFILIATES
(D.B.A. THE LOTUS HOUSE WOMEN'S SHELTER)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.