

EASTERN CAROLINA HOUSING ORGANIZATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

Eastern Carolina Housing Organization

Contents

	Page
Independent Auditors' Report.....	1 – 2
Consolidated Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 14
Schedule of Expenditures of Federal Awards	15 – 17
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 <i>Government Auditing Standards</i>	18 – 19
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20 – 21
Schedule of Findings and Questioned Costs	22 – 23
Corrective Action Plan	24
Schedule of the Status of Prior Findings, Questioned Costs, and Recommendations	25



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Eastern Carolina Housing Organization

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Eastern Carolina Housing Organization (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, 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 Eastern Carolina Housing Organization as of December 31, 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastern Carolina Housing Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

JONES, POUNDER & ASSOCIATES, P.C.

- 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 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 Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization'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 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 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 29, 2025, on our consideration of Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization's internal control over financial reporting and compliance.

Jones, Ponder & Associates, P.C.

Charleston, South Carolina
July 29, 2025

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 397,068
Investments	607,620
Current portion of promise to give	311,981
Prepaid expenses	33,137
Accounts receivable, net	<u>620,100</u>

Total current assets 1,969,906

Restricted cash	15,175
Other receivable	3,156
Operating lease right-of-use asset	97,857
Finance lease right-of-use asset	23,305
Promise to give, net of current portion	1,083,567
Property and equipment, net	<u>8,279,552</u>

Total assets \$ 11,472,518

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued	\$ 8,713
Payroll taxes withheld and accrued	74,893
Current portion finance lease liability	20,707
Current portion of operating lease liability	80,997
Current portion of notes payable	394,610
Lines of credit	<u>448,093</u>

Total current liabilities 1,028,013

Long Term Liabilities

Operating lease liability, net of current portion	19,354
Finance lease liability, net of current portion	3,541
Notes payable, net of current portion	<u>2,928,920</u>

Total long term liabilities 2,951,815

NET ASSETS

Net assets without donor restrictions	6,601,595
Net assets with donor restrictions	<u>891,095</u>

Total net assets 7,492,690

TOTAL LIABILITIES AND NET ASSETS \$ 11,472,518

See notes to consolidated financial statements

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,399,764	\$ 703,231	\$ 2,102,995
Grant income	10,391,089	187,864	10,578,953
Program service revenue	1,120,260	-	1,120,260
Special events, net costs totaling \$26,056	30,907	-	30,907
Investment income	85,360	-	85,360
Other income, net	16,083	-	16,083
	<u>13,043,463</u>	<u>891,095</u>	<u>13,934,558</u>
Total revenue and support			
EXPENSES			
Program services			
Continuum of Care	116,029	-	116,029
Homeless assistance	11,583,964	-	11,583,964
Total program services	<u>11,699,993</u>	<u>-</u>	<u>11,699,993</u>
Supporting services			
Management and general	540,402	-	540,402
	<u>12,240,395</u>	<u>-</u>	<u>12,240,395</u>
Total expenses			
CHANGES IN NET ASSETS	803,068	891,095	1,694,163
NET ASSETS AT BEGINNING OF YEAR	<u>5,798,527</u>	<u>-</u>	<u>5,798,527</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,601,595</u>	<u>\$ 891,095</u>	<u>\$ 7,492,690</u>

See notes to consolidated financial statements

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services			Supporting Services	Total Year Ended December 31, 2024
	Continuum of Care	Homeless Assistance	Total	Management and General	
Wages and compensation	\$ 85,421	\$ 3,020,338	\$ 3,105,759	\$ 57,925	\$ 3,163,684
Insurance	-	83,487	83,487	29,544	113,031
Interest expense	-	-	-	189,281	189,281
Rent and occupancy	1,393	6,600,699	6,602,092	53,383	6,655,475
Repairs and maintenance	-	290,748	290,748	12,573	303,321
Supplies and furniture	23,482	796,879	820,361	2,123	822,484
Other	5,733	791,813	797,546	195,573	993,119
Total expenses	\$ 116,029	\$ 11,583,964	\$ 11,699,993	\$ 540,402	\$ 12,240,395

See notes to consolidated financial statements

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOW FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,694,163
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	289,865
(Gain) Loss on disposition of equipment	(16,083)
Realized loss	(1,089)
Unrealized gain on investments	(75,406)
Dividend and interest income	(8,737)
Noncash donation of property	(1,761,600)
(Increase) decrease in current assets	
Promise to give	(321,854)
Prepaid expenses	(33,137)
Other receivable	7,053
Accounts receivable, net	(180,482)
Operating lease right-of-use asset	106,080
Finance lease right-of-use asset	19,976
Increase (decrease) in current liabilities	
Accounts payable and accrued expense	40,464
Operating lease liability	(106,752)
	<u>(347,539)</u>
Net Cash Used By Operating Activities	<u>(347,539)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchases of investments	455,233
Proceeds from sale of investments	(455,233)
Purchase of property and equipment	(554,563)
Proceeds from disposal of property and equipment	21,928
	<u>(532,635)</u>
Net Cash Used By Investing Activities	<u>(532,635)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from promise to give restricted for long-term purposes	375,000
Repayments on notes payable	(147,134)
Payments on finance lease	(19,818)
Proceeds from line of credit, net	97,380
	<u>305,428</u>
Net Cash Provided By Financing Activities	<u>305,428</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(574,746)
CASH, CASH EQUIVALENTS, RESTRICTED CASH AT BEGINNING OF YEAR	<u>986,989</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	<u>\$ 412,243</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	<u>\$ 187,000</u>

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
EASTERN CAROLINA HOUSING ORGANIZATION
DECEMBER 31, 2024

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Eastern Carolina Homelessness Organization, Inc. doing business as Eastern Carolina Housing Organization (ECHO) (the "Organization"), is a not-for-profit organization serving a twelve-county area including the Pee Dee and Grand Strand region of South Carolina. The Organization's vision is that every individual and family who is homeless or at risk of becoming homeless is rapidly re-housed or sustained in current housing.

Reverb LLC ("Reverb") is a limited liability company wholly owned by the Organization. In July 2024, the Organization created Reverb, a property management company to assist low-income households by providing safe, sanitary, and affordable housing.

The goals of Eastern Carolina Homelessness Organization, Inc. are accomplished by: 1) partnering with member organizations; 2) supporting and maintaining membership in the community's Continuum of Care; and 3) providing housing and supportive services to assist people experiencing homelessness. Programs include:

Continuum of Care

Eastern Carolina Homelessness Organization, Inc. provides support and maintains membership for the information system used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness in accordance with the Housing and Urban Development (HUD)'s regulations and guidelines.

Homelessness Assistance

Eastern Carolina Homelessness Organization, Inc. provides transitional, short-term, long-term, and emergency rental assistance to assist people with obtaining and maintaining stable housing.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and Reverb. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
EASTERN CAROLINA HOUSING ORGANIZATION
DECEMBER 31, 2024

Basis of Presentation - Continued

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific programs or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical methods.

Revenue Recognition

Grant income and other contributions

Grant income and other contributions are reported as unrestricted support if the restrictions are satisfied in the current fiscal year. Should a time or purpose restriction not be satisfied in the current fiscal year these amounts are reported as restricted contributions. Subsequently, when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contract revenue

The Organization's contract revenue is from a state funded contract to provide short-term rent and mortgage assistance. The Organization, as a processing agency for the program, receives processing fees for applications with one performance obligation, satisfied at a point in time. Revenue is recognized based upon an output method as applications are completed.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are deemed to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable, net primarily consists of receivables for unpaid amounts from members for program services and pending grant reimbursements less an allowance for credit losses. The allowance for credit losses is based upon a periodic management review of the accounts. At December 31, 2024 management determined that the allowance for credit losses was approximately \$13,400.

Property and Equipment

Purchases deemed to have a useful life of greater than one year and exceed five thousand dollars (\$5,000) are recorded at cost and depreciated using the straight-line method over estimated useful lives.

Leases

Operating lease assets and finance lease assets are included in the "Operating lease right-of-use assets" and "Finance lease right-of-use assets" line items in the Balance Sheet, for leases with terms longer than 12 months, respectively. The Organization enters into lease agreements for the use of real estate space. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization has elected to use the risk-free interest rate on all finance and operating leases. Operating lease expense is recognized as an operating cost on a straight-line basis over the expected lease term in the Statement of Activities and Changes in Net Assets. For finance leases, the asset is amortized on a straight-line basis over the lease term, and interest on the lease liability is recognized in interest expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
EASTERN CAROLINA HOUSING ORGANIZATION
DECEMBER 31, 2024

Advertising

Advertising costs, which are principally included in operating expenses, are expensed as incurred.

Estimates

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

Income Tax Status

ECHO has obtained exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Investments

The Organization invests in equity securities with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Investment Income and Gains

Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met.

Fair Value Hierarchy

Accounting principles generally accepted in the United States of America ("GAAP") establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The assets requiring fair value disclosure are limited to assets included in the note, "Investments." These assets are stated at fair value using Level 1 inputs. There are no other assets or liabilities utilizing the fair value options under GAAP and, accordingly, there are no assets that are valued using Level 2 and Level 3 inputs.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 EASTERN CAROLINA HOUSING ORGANIZATION
 DECEMBER 31, 2024

LIQUIDITY

The Organization has \$1,936,769 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash and cash equivalents of \$397,068, investments of \$607,620, accounts receivable, net \$620,100, and current portion of promise to give \$311,981. In addition to those resources, the Organization has ongoing grant revenue on a cost reimbursement basis from the U.S. Department of Housing and Urban Development (“HUD”) and the Department of Veterans Administration (the “VA”).

RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

Cash and Cash Equivalents	\$ 397,068
Restricted Cash - Security deposits	<u>15,175</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 412,243</u>

CONCENTRATION OF CREDIT RISK

Periodically, cash balances in banks may exceed the federally insured amount of \$250,000. At December 31, 2024, the Organization had no cash balances at a bank that exceeded this limit.

The Organization receives substantially all of its revenue from federal and state grants from the Department of Veterans Affairs (the “VA”) and the Department of Housing and Urban Development (“HUD”). Accordingly, ECHO is dependent upon the continued renewal of this funding, which is subject to the budget process at the federal and state level.

INVESTMENTS

Investments at December 31, 2024, were comprised of the following:

Equity securities	<u>\$ 607,620</u>
Total investments	<u>\$ 607,620</u>

Investment income on equity securities for the year ended December 31, 2024 is summarized below:

Net unrealized gain recognized on equity securities held	\$ 75,406
Realized gain	1,089
Dividend income	8,380
Interest income	<u>485</u>
Total investment income	<u>\$ 85,360</u>

ACCOUNTS RECEIVABLE

Accounts receivable of \$633,520 consists primarily of amounts due for grants less the allowance for doubtful accounts of \$13,420.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 EASTERN CAROLINA HOUSING ORGANIZATION
 DECEMBER 31, 2024

PROMISES TO GIVE

The Organization received a multi-year promise to give in 2023 for \$2,000,000. The promise to give is restricted to the Nardlisco Donor Advised Fund, discounted at 4.96% using the risk-free rate. The Organization received an additional promise to give in 2024 for \$250,000 restricted for Veteran Homeless Prevention and Homeless Veteran Housing Assistance disbursed in 4 installments over 2024 and 2025.

The unconditional promise to give at December 31, 2024, is as follows:

Promise to give at December 31, 2023	<u>\$ 1,750,000</u>
Promise to give at May 20, 2024	\$ 250,000
Less 2024 payments	<u>(375,000)</u>
Promise to give at December 31, 2024	<u>\$ 1,625,000</u>
Receivable in less than one year	\$ 375,000
Receivable in one to five years	1,000,000
Receivable in more than five years	<u>250,000</u>
Total promise to give	\$ 1,625,000
Less discounts to net present value	<u>(229,452)</u>
Net promise to give at December 31, 2024	<u>\$ 1,395,548</u>

OTHER RECEIVABLE

Other receivables include employee receivables which consist of loans due in 1-3 years. The balance due at December 31, 2024 totaled \$3,156.

PROPERTY AND EQUIPMENT

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

	2023	Additions	Disposals	2024	Useful Life
Computer equipment	\$ 23,642			\$ 23,642	3 Yrs.
Vehicles and equipment	849,636	122,890	(30,697)	941,829	5 Yrs.
Leasehold improvements	64,598			64,598	15 Yrs.
Building & improvements	4,868,851	3,189,309		8,058,160	40 Yrs.
Less accumulated depreciation	<u>(543,664)</u>	<u>(289,865)</u>	<u>24,852</u>	<u>(808,677)</u>	
Property and equipment, net	<u>\$ 5,263,063</u>	<u>\$ 3,022,334</u>	<u>\$ (5,845)</u>	<u>\$ 8,279,552</u>	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 EASTERN CAROLINA HOUSING ORGANIZATION
 DECEMBER 31, 2024

LEASES

The Organization has operating and finance leases for certain corporate offices and equipment with remaining lease terms of approximately two years, which may include options to extend the leases for up to 1 year, and some of which may include options to early terminate the leases.

The following table shows lease costs and ROU assets and lease liabilities as of December 31, 2024:

Lease cost	
Finance lease cost:	
Amortization of right-of-use assets	\$ 19,976
Interest on lease liabilities	1,542
Operating lease cost	109,375
Total lease cost	<u>\$ 130,893</u>
Weighted-average remaining lease term:	
Operating leases	3.6
Finance leases	3.0
Weighted-average discount rate:	
Operating leases	2.19%
Finance leases	4.44%

The following is a reconciliation of future undiscounted cash flows to the operating and finance lease liabilities and the related ROU assets, presented on the balance sheet on December 31, 2024:

	Operating Leases	Finance Leases
2025	\$ 82,367	\$ 21,360
2026	19,520	3,560
Total future lease payments	101,887	24,920
Less risk-free interest	<u>(1,536)</u>	<u>(672)</u>
Present value of future lease payments	100,351	24,248
Less current portion of lease liability	<u>(80,997)</u>	<u>(20,707)</u>
Long-term lease liability	<u>\$ 19,354</u>	<u>\$ 3,541</u>
ROU asset	<u>\$ 97,857</u>	<u>\$ 23,305</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 EASTERN CAROLINA HOUSING ORGANIZATION
 DECEMBER 31, 2024

NOTE PAYABLE

The following is a summary of notes payable as of December 31, 2024:

Note payable dated October 21, 2022, amended November 1, 2023, due in monthly installments of \$19,266, 5.5% interest, through October 21, 2032, secured by a Deed of Trust on the land & building located at 6309 Hawthorne L. The notes payable are presented net of debt issuance costs. Unamortized debt issuance costs totaling \$28,073 are being amortized over the life of the note. Amortization of debt issuance costs is recognized as interest expense in the accompanying financial statements.	\$ 2,119,100
Note payable dated November 1, 2022, due in monthly installments of \$2,336, 6.45% interest, through November 1, 2027, secured by 740 Office Building.	244,021
Note payable up to \$1,305,900 dated October 18, 2024, due in monthly installments of \$250,000, interest is greater of 6.5% or 30-day avg SOFR plus 3%, not to exceed 9.5%, October 15, 2025 through October 15, 2030, secured by properties located at 1105 Legion Street and 603 12th Avenue North.	616,036
Note payable dated May 21, 2024, due in monthly installments of \$3,657 and one final payment of \$303,542, 8.0% interest, through May 21, 2029, secured by 712 Hill st; 905 Blount St; 2100 9th Ave and 2218 Hare St.	<u>372,446</u>
	3,351,603
Current portion of notes payable	<u>(394,610)</u>
	<u>\$ 2,956,993</u>

Principal payments on notes payable are due as follows:

	Principal Maturities	Issuance Cost Amortization	Notes Payable
2025	\$ 394,610	\$ (2,456)	\$ 392,154
2026	403,289	(3,158)	400,131
2027	481,862	(3,158)	478,704
2028	156,793	(3,158)	153,635
2029	454,659	(3,158)	451,501
Thereafter	1,460,390	(12,985)	1,447,405
	<u>\$ 3,351,603</u>	<u>\$ (28,073)</u>	<u>\$ 3,323,530</u>

LINE OF CREDIT

The Organization has a discretionary unsecured line of credit totaling \$500,000. Each draw on the line of credit requires approval by the lender. The line of credit is scheduled to mature October 17, 2025 and bears an interest rate of 8.5%. The outstanding balance at December 31, 2024 is \$448,093. The Organization intends to renew this line of credit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 EASTERN CAROLINA HOUSING ORGANIZATION
 DECEMBER 31, 2024

COMMITMENTS

The Organization leases certain real property used in its program and support activities. Rental expense for these properties was approximately \$1,890,000 in 2024. The terms of the leases range from twelve months to three years with payments ranging from approximately \$95 to \$3,500 per month.

EMPLOYEE BENEFIT PLANS

The Organization sponsors a 403(B) Plan (the Plan) covering all employees who agree to make contributions to the Plan. The Organization makes nonelective contributions to the Plan each year. Total expense for the year ended December 31, 2024, was approximately \$68,000.

RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes as of December 31, 2024:

Promise to Give - Nardmoor improvements	\$ 1,270,548
Less note payable related to improvements	<u>(616,036)</u>
Nardmoor improvements	654,512
Veteran homeless prevention and housing assistance	179,364
Substance recovery and homeless assistance	52,748
Donation center	<u>4,471</u>
Total restricted net assets	<u>\$ 891,095</u>

SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2024, the Organization acquired property with an estimated fair value of \$2,141,600. As part of this acquisition, \$1,761,600 was received as a noncash donation of property, and \$380,000 was financed through a note payable, with no cash exchanged at that time. This noncash contribution has been excluded from the Statement of Cash Flows. See also "GIFTS-IN-KIND" note.

GIFTS-IN-KIND

The Organization received gifts-in-kind for the years ended December 31, 2024:

Donation of real estate	\$ 1,761,600
Donation of professional services	<u>29,000</u>
Total gifts-in-kind	<u>\$ 1,790,600</u>

RELATED PARTY

During 2024, the Organization paid approximately \$21,500 to an officer of the organization for consulting for the Continuum of Care grant collaborative application. Included as "Other Receivables" are certain employee note receivables. The balance due as of December 31, 2024 was approximately \$3,156. See also "Other receivable" note disclosure. A multi-year pledge was received from a board member during 2023, with a balance due of approximately \$1,271,000 as of December 31, 2024. See also "Promise to Give" note disclosure.

SUBSEQUENT EVENTS

Subsequent events were evaluated through July 29, 2025 which is the date the financial statements were available to be issued. On May 2, 2025, the Organization purchased new office space for approximately \$1,475,000 with a 60 month commercial real estate loan.

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Veterans Affairs direct program:				
Supportive Service to Veterans Families	64.033	20-42-402-23		\$ 602,992
Supportive Service to Veterans Families	64.033	20-42-402-24		2,991,182
Supportive Service to Veterans Families	64.033	20-SC-402-SS		303,625
Supportive Service to Veterans Families	64.033	20-SC-402-LT		202,323
Total for Program				4,100,122
U.S. Department of Veterans Affairs direct program:				
Homeless Providers Grant & Per Diem	64.024	ECH712-2248-534-CG-22		57,442
Homeless Providers Grant & Per Diem	64.024	ECH712-2248-534-CM-22		73,256
Total for Program				130,698
Total U.S. Department of Veterans Affairs				4,230,820
U.S. Department of Housing and Urban Development direct program:				
Continuum of Care	14.267	SC0076L4E032313		71,920
	14.267	SC0076L4E032312		32,459
	14.267	SC0136L4E032206		380,474
	14.267	SC0136L4E032307		613,701
	14.267	SC0034L4E032215		169,788
	14.267	SC0034L4E032316		99,123
	14.267	SC0123L4E032207		22,264
	14.267	SC0123L4E032308		21,927
	14.267	SC0194L4E032200		190,634
	14.267	SC0194L4E032301		96,153
	14.267	SC0184R4E032200		332,335
	14.267	SC0148L4E032205		181,246
	14.267	SC0148L4E032306		286,532
	14.267	SC0147L4E032205		55,500
	14.267	SC0147L4E032306		356,980
	14.267	SC0160D4E032204		145,114
	14.267	SC0179D4E032201		407,360
	14.267	SC0195L4E032200		12,091
	14.267	SC0215L4E032300		85,118
	14.267	SC0145L4E032205		19,059
	14.267	SC0145L4E032306		107,316
Total for Program				3,687,094
Youth Homelessness Demonstration	14.276	SC0181Y4E032100		15,805
	14.276	SC0204Y4E032100		115,000
	14.276	SC0205Y4E032100		823,912
	14.276	SC0206Y4E032100		232,340
Total for Program				1,187,057
Youth Homeless System Improvement	14.277	SC00YHSI22		20,854
				20,854
Total U.S. Department of Housing and Urban Development direct programs				4,895,005

(Continued)

See notes to schedule of expenditures of federal awards

EASTERN CAROLINA HOUSING ORGANIZATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-through Entity Identifying Number	Total Federal Expenditures
Pass-through programs from South Carolina Office of Economic Opportunity				
Emergency Solutions Grant	14.231		E-23-DC-45-0001	61,063
Emergency Solutions Grant	14.231		E-24-DC-45-0001	46,147
Total Pass-through South Carolina Office of Economic Opportunity				<u>107,210</u>
Pass-through programs from Horry County				
Emergency Solutions Grant	14.231		E-23-UC-45-0006	114,797
Emergency Solutions Grant	14.231		E-24-UC-45-0006	45,326
Total Program				<u>160,123</u>
CDBG Entitlement Grants	14.218		B-23-UC-45-0006	63,600
CDBG Entitlement Grants	14.218		B-24-UC-45-0006	17,832
Total Program and Total CDBG Entitlement Grant Cluster				<u>81,432</u>
Home Investment Partnerships Program	14.239		M-21-DP-45-0217	17,105
Home Investment Partnerships Program	14.239		M-19-DC-45-0217	22,165
Home Investment Partnerships Program	14.239		M-19-DC-45-0217	35,079
Home Investment Partnerships Program	14.239		M-19-DC-45-0217	13,025
Home Investment Partnerships Program	14.239		M-19-DC-45-0214	383,066
Home Investment Partnerships Program	14.239		M-19-DC-45-0217	422,811
Total Program				<u>893,251</u>
Total U.S. Department of Housing and Urban Development				<u>6,137,021</u>
Total payments to subrecipient organizations				-0-
Total Expenditures of Federal Awards				<u><u>\$ 10,367,841</u></u>

See notes to schedule of expenditures of federal awards

EASTERN CAROLINA HOUSING ORGANIZATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Eastern Carolina Housing Organization under programs of the federal government for the year ended December 31, 2024. 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 Eastern Carolina Housing Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Eastern Carolina Housing Organization.

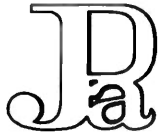
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. However, certain costs that are capitalized in the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America, are treated as expenditures in the Schedule of Expenditures of Federal Awards.

Indirect Costs – Eastern Carolina Housing Organization has elected to use actual cost up to the 10 percent de Minimis indirect cost rate as allowed under the Uniform Guidance, except for one program with an indirect rate below 10 percent.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 29, 2025, the date the financial statements were available to be issued.



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
Eastern Carolina Housing Organization

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 Eastern Carolina Housing Organization (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Carolina Housing Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Carolina Housing Organization'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*.

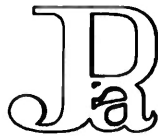
JONES, POUNDER & ASSOCIATES, P.C.

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.

Jones, Ponder & Associates, P.C.

Charleston, South Carolina
July 29, 2025



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
Eastern Carolina Housing Organization

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Carolina Housing Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Eastern Carolina Housing Organization's major federal programs for the year ended December 31, 2024. Eastern Carolina Housing Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Eastern Carolina Housing Organization 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, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Eastern Carolina Housing Organization 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 Eastern Carolina Housing Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Eastern Carolina Housing Organization's federal programs.

Auditors' 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 Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization's compliance with the requirements of each major federal program as a whole.

JONES, POUNDER & ASSOCIATES, P.C.

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 Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization'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 Eastern Carolina Housing Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Jones, Ponder & Associates, P.C.

Charleston, South Carolina
July 29, 2025

EASTERN CAROLINA HOUSING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness (es) identified? No

Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)? No

Major programs:

CFDA 14.267

U.S. Department of Housing and Urban Development – Continuum of Care

CFDA 14.239

U.S. Department of Housing and Urban Development – Home Investment Partnerships Program

CFDA 14.276

U.S. Department of Housing and Urban Development – Youth Homelessness Demonstration

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

Auditee qualified as low-risk auditee? No

EASTERN CAROLINA HOUSING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

The findings detailed in the following paragraph are related to the audit of the financial statements that is required to be reported by GAAS and Government Auditing Standards.

CORRECTIVE ACTION NOT STARTED OR IN PROCESS

There were no findings in the current year whereby a corrective action was not completed.

CORRECTIVE ACTION COMPLETED

There were no findings in the current year whereby a corrective action was necessary.



Chesterfield • Clarendon • Darlington • Dillon • Florence • Georgetown • Horry • Kershaw • Lee • Marlboro • Marion • Sumter • Williamsburg

CORRECTIVE ACTION PLAN
EASTERN CAROLINA HOUSING ORGANIZATION
DECEMBER 31, 2024

A. Current findings on the Schedule of Findings, Questioned Costs, and Recommendations.

There were no findings to comment on in the current year.



Chesterfield • Clarendon • Darlington • Dillon • Florence • Georgetown • Horry • Kershaw • Lee • Marlboro • Marion • Sumter • Williamsburg

SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS, QUESTIONED COSTS,
AND RECOMMENDATIONS
EASTERN CAROLINA HOUSING ORGANIZATION
DECEMBER 31, 2024

Audit report, dated November 26, 2024 for the year ended December 31, 2023, issued by Jones, Pounder, & Associates, P.C.

Finding 2023-001: Underpayment of compensation, causing an overstatement of net income of approximately \$1,000. Management lacked proper controls over employee payrate authorizations. Management should have internal controls in place to ensure the employee compensation agrees with the authorized payrate.

Status: In September 2024, the Organization incorporated a new payroll system to improve service delivery and audit compliance.

Finding 2023-002: Certain agreements with employees were not properly documented or recorded, causing an understatement of employee receivables due to unrecorded accrued interest. Management should have internal controls in place to ensure the employee loans are properly authorized, documented, and recorded.

Status: Management now ensures any employee notes are properly documented, authorized, and recorded in the general ledger.