

Washtenaw Housing Alliance

Financial Report
June 30, 2013

Washtenaw Housing Alliance

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Independent Accountant's Review Report

To the Board of Directors
Washtenaw Housing Alliance

We have reviewed the accompanying balance sheet of Washtenaw Housing Alliance (the "Alliance") as of June 30, 2013 and 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of Washtenaw Housing Alliance is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

August 22, 2013

Washtenaw Housing Alliance

Balance Sheet

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Assets		
Current Assets		
Cash	\$ 276,401	\$ 303,851
Pledges receivable (Note 2)	84,517	28,201
Prepaid expenses and other current assets	-	1,750
Total current assets	360,918	333,802
Long-term Pledges Receivable - Net of current portion (Note 2)	<u>4,828</u>	<u>10,848</u>
Total assets	<u>\$ 365,746</u>	<u>\$ 344,650</u>
Liabilities and Net Assets		
Current Liabilities		
Trade accounts payable	\$ 13,834	\$ 10,788
Agency liability	1,370	-
Grants payable (Note 5)	-	5,000
Total current liabilities	15,204	15,788
Net Assets		
Unrestricted	237,106	226,536
Temporarily restricted net assets (Note 3)	<u>113,436</u>	<u>102,326</u>
Total net assets	<u>350,542</u>	<u>328,862</u>
Total liabilities and net assets	<u>\$ 365,746</u>	<u>\$ 344,650</u>

Washtenaw Housing Alliance

Statement of Activities and Changes in Net Assets

	Year Ended	
	June 30, 2013	June 30, 2012
Changes in Unrestricted Net Assets		
Revenue and support:		
Contributions	\$ 185,772	\$ 148,288
In-kind donations (Note 4)	23,492	22,603
Membership fees	13,000	10,500
Other revenue	-	338
Interest income	556	603
Total revenue and support	222,820	182,332
Net assets released from restrictions	66,186	188,186
Total unrestricted revenue, support, and net assets released from restrictions	289,006	370,518
Expenses:		
Program services	198,550	280,324
Support services:		
Management and general	46,215	38,834
Fundraising	33,671	17,494
Total expenses	278,436	336,652
Increase in Unrestricted Net Assets	10,570	33,866
Changes in Temporarily Restricted Net Assets		
Contributions, grants, and pledges	77,296	156,369
Net assets released from restrictions	(66,186)	(188,186)
Increase (Decrease) in Temporarily Restricted Net Assets	11,110	(31,817)
Increase in Net Assets	21,680	2,049
Net Assets - Beginning of year	328,862	326,813
Net Assets - End of year	\$ 350,542	\$ 328,862

Washtenaw Housing Alliance

Statement of Functional Expenses Year Ended June 30, 2013 (with comparative totals for year ended June 30, 2012)

	2013				2012			
	Program Services	Supporting Services		Total Expenses	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising			Management and General	Fundraising	
Audit and accounting	\$ 12,243	\$ 2,161	\$ -	\$ 14,404	\$ 10,666	\$ 1,882	\$ -	\$ 12,548
Conferences/Education	1,962	346	-	2,308	306	54	-	360
Contracted services	29,160	12,150	7,290	48,600	28,800	12,000	7,200	48,000
Contracted staff	65,346	15,683	6,099	87,128	66,618	15,988	6,218	88,824
Contracted staff benefits	14,765	3,543	1,378	19,686	13,349	3,204	1,246	17,799
Credit card service charges	472	83	-	555	157	28	-	185
Dues and subscriptions	-	275	-	275	-	280	-	280
Filing fees	-	20	-	20	-	20	-	20
Insurance	2,036	359	-	2,395	2,032	359	-	2,391
Occupancy	12,923	2,280	-	15,203	12,923	2,280	-	15,203
Other	2,619	-	-	2,619	3,850	-	-	3,850
Postage	387	9	34	430	245	5	22	272
Printing	1,372	242	-	1,614	812	143	-	955
Professional/Consultant	30,807	5,436	17,629	53,872	13,253	2,339	-	15,592
Supplies	98	41	1,241	1,380	220	94	2,808	3,122
Capital fund distributions	22,361	-	-	22,361	36,200	-	-	36,200
Joint Integrated Funding								
Pilot Project	-	-	-	-	90,000	-	-	90,000
Travel	1,178	208	-	1,386	383	68	-	451
Telephone	821	145	-	966	510	90	-	600
Website	-	3,234	-	3,234	-	-	-	-
Total functional expenses	\$ 198,550	\$ 46,215	\$ 33,671	\$ 278,436	\$ 280,324	\$ 38,834	\$ 17,494	\$ 336,652

See Notes to Financial Statements and Independent Accountant's Review Report.

Washtenaw Housing Alliance

Statement of Cash Flows

	Year Ended	
	June 30, 2013	June 30, 2012
Cash Flows from Operating Activities		
Increase in net assets	\$ 21,680	\$ 2,049
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Amortization of discount of long-term pledges receivable	(296)	(4,467)
Contributions restricted for future operations	(72,000)	(41,500)
Changes in operating assets and liabilities which provided (used) cash:		
Prepays	1,750	(1,750)
Accounts payable	3,046	3,041
Pledges receivable	22,000	55,000
Agency liabilities	1,370	-
Grants payable	(5,000)	(30,417)
Net cash used in operating activities	(27,450)	(18,044)
Cash Flows from Financing Activities - Collection of contributions restricted for long-term purposes - Campaign and other	-	44,436
Net (Decrease) Increase in Cash	(27,450)	26,392
Cash - Beginning of year	303,851	277,459
Cash - End of year	<u>\$ 276,401</u>	<u>\$ 303,851</u>

Washtenaw Housing Alliance

Notes to Financial Statements June 30, 2013 and 2012

Note I - Nature of Business and Significant Accounting Policies

Nature of Organization - Washtenaw Housing Alliance (the "Alliance") is a broad-based coalition of nonprofit and public organizations serving persons experiencing or at risk of homelessness that work together toward the common vision of ending homelessness in Washtenaw County. The Alliance is charged with responsibility for both developing and orchestrating implementation of the community's comprehensive strategic plan addressing this goal - the Blueprint to End Homelessness (the "Blueprint"). The Alliance's board, staff, and partners are actively engaged in facilitating community collaborations and initiatives intended to achieve objectives established through the evolving Blueprint planning process.

Significant accounting policies are as follows:

Financial Statement Presentation - The financial statements are prepared on the accrual basis of accounting and are in conformity with accounting standards for not-for-profit organizations. Accordingly, they reflect all significant receivables, payables, and other liabilities.

Under accounting standards for not-for-profit organizations, the Alliance is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily-restricted net assets, and permanently-restricted net assets. The Alliance has presented its permanently-restricted, temporarily-restricted, and unrestricted net assets according to the requirements of the financial statement. In addition, the Alliance is required to present a statement of cash flows.

Grants Payable - Grants made under the Joint Integrated Funding Pilot Project are earned by the grantees based on a fixed amount per monthly service unit provided. Expenses are thus recognized as those services are provided by the grantee. In certain cases, services have been provided which had not been paid for as of June 30, 2012 resulting in a grants payable balance. There were no grants payable as of June 30, 2013.

Pledges - Pledges are generally available for unrestricted use in the year the funds are received, unless specifically restricted by the donor. Pledges are recorded as received. Pledges to give due in the next year are recorded as current pledges receivable and are recorded at their net realizable value. Pledges to give due in subsequent years are recorded as long-term pledges receivable and are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received.

Washtenaw Housing Alliance

Notes to Financial Statements June 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Dues Revenue - There were 30 and 31 alliance members for the years ended June 30, 2013 and 2012, respectively. Annual dues per alliance member organization are typically \$500 and they are recognized over the one-year term of the membership.

Grant Revenue - Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue. There was no deferred revenue as of June 30, 2013 or 2012.

Donated Services and Assets - In accordance with accounting standards for contributions received, certain donated services are recognized as contributions in the statement of activities and changes in net assets. Such services are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Alliance. The value of these services is determined based on estimated fair value.

Functional Allocation of Expenses - The costs of providing program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Classification of Net Assets - Net assets of the Alliance are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Alliance's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are fulfilled in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily- or permanently-restricted net assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily-restricted net assets. Permanently-restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. There were no permanently-restricted net assets as of June 30, 2013 or 2012. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Washtenaw Housing Alliance

Notes to Financial Statements June 30, 2013 and 2012

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Federal Income Taxes - The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Alliance and recognize a tax liability if the Alliance has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Alliance and has concluded that as of June 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Alliance is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

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

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including August 22, 2013, which is the date the financial statements were available to be issued.

Note 2 - Pledges Receivable

Pledges are recognized as revenue in the period the pledges are received. Long-term pledges receivable are reported at present value using discount rates of 1.00 percent to 5.50 percent. The pledges receivable for June 30, 2013 and 2012 were as follows:

	2013	2012
Gross pledges due within one year	\$ 86,500	\$ 29,500
Allowance for uncollectible pledges	(1,983)	(1,299)
Net pledges receivable - Current	<u>\$ 84,517</u>	<u>\$ 28,201</u>
Gross pledges due in one to five years	\$ 5,000	\$ 12,000
Less unamortized discount	(57)	(353)
Allowance for uncollectible pledges	(115)	(799)
Net pledges receivable - Long-term	<u>\$ 4,828</u>	<u>\$ 10,848</u>

Washtenaw Housing Alliance

Notes to Financial Statements June 30, 2013 and 2012

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are those assets resulting from contributions whose use by the Alliance is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Alliance pursuant to those stipulations. Temporarily restricted net assets consist of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Time restricted - Future operating	99,345	59,049
Purpose restricted:		
Development expense	5,000	-
Capacity building	8,960	16,726
Blueprint public education	131	4,190
Capital campaign collections	-	22,361
Total	<u>\$ 113,436</u>	<u>\$ 102,326</u>

Note 4 - Donated Services and Facilities

The value of donated services included as contribution revenue in the financial statements and the corresponding expenses for the year ended June 30, 2013 are as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contracted services -				
Benefits for staff	\$ 6,216	\$ 1,492	\$ 581	\$ 8,289
Occupancy costs -				
Washtenaw County	<u>12,923</u>	<u>2,280</u>	<u>-</u>	<u>15,203</u>
Total	<u>\$ 19,139</u>	<u>\$ 3,772</u>	<u>\$ 581</u>	<u>\$ 23,492</u>

The value of donated services included as contribution revenue in the financial statements and the corresponding expenses for the year ended June 30, 2012 are as follows:

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contracted services -				
Benefits for staff	\$ 5,550	\$ 1,332	\$ 518	\$ 7,400
Occupancy costs -				
Washtenaw County	<u>12,923</u>	<u>2,280</u>	<u>-</u>	<u>15,203</u>
Total	<u>\$ 18,473</u>	<u>\$ 3,612</u>	<u>\$ 518</u>	<u>\$ 22,603</u>

Washtenaw Housing Alliance

Notes to Financial Statements June 30, 2013 and 2012

Note 5 - Related Party Transactions

The Alliance has agreements with the original three beneficiaries of a community capital campaign completed in 2003. These beneficiaries are all Alliance members. Capital campaign amounts contributed by the Alliance to these members were as follows:

	<u>2013</u>	<u>2012</u>
Food Gatherers	\$ 16,771	\$ 7,240
Interfaith Hospitality Network	4,472	1,810
Shelter Association of Washtenaw County	<u>1,118</u>	<u>27,150</u>
Total	<u>\$ 22,361</u>	<u>\$ 36,200</u>

The Alliance also has contracts with several member agencies to provide services related to the Joint Integrated Funding Pilot Project. Activity under these contracts for the year ended June 30, 2012 were as follows:

	<u>Total Contract Amount (1)</u>	<u>Payable Balance at July 1, 2011</u>	<u>Amount Earned</u>	<u>Amount Paid</u>	<u>Payable Balance at June 30, 2012</u>
SOS Community Services	\$ 233,333	\$ -	\$ -	\$ -	\$ -
Avalon Housing	336,667	21,667	67,500	(89,167)	-
Interfaith Hospitality Network	62,500	7,500	-	(7,500)	-
Ozone House	50,000	-	-	-	-
Catholic Social Services	150,000	-	-	-	-
Michigan Ability Partners (2)	<u>35,000</u>	<u>6,250</u>	<u>22,500</u>	<u>(23,750)</u>	<u>5,000</u>
Total	<u>\$ 867,500</u>	<u>\$ 35,417</u>	<u>\$ 90,000</u>	<u>\$ (120,417)</u>	<u>\$ 5,000</u>

(1) An additional amount has been committed directly to these organizations by other funding sources.

(2) The contract was paid in full during the year ended June 30, 2013.

As of June 30, 2013, all contractual obligations under this program have been paid in full to the member agencies, and the Alliance has no further commitment under the program.