

**Washtenaw Housing Alliance**  
(a Michigan nonprofit corporation)  
Ann Arbor, Michigan

**Financial Statements**

June 30, 2020 and 2019

# Washtenaw Housing Alliance

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## **Independent Accountants' Review Report**

To the Board of Directors  
Washtenaw Housing Alliance  
Ann Arbor, Michigan

We have reviewed the accompanying financial statements of Washtenaw Housing Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

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

**Independent Accountants' Review Report (continued)**

**Prior Year Financial Statements**

The financial statements of Washtenaw Housing Alliance as of June 30, 2019 were reviewed by other auditors whose report dated September 19, 2019 stated they were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

*Altruic Advisors, CPAs*

Certified Public Accountants

Ann Arbor, Michigan  
May 17, 2021

# Washtenaw Housing Alliance

## Statements of Financial Position

June 30	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 322,453	\$ 326,257
Pledges receivable, current, net	74,500	500
Deposits	-	225
Total current assets	<u>396,953</u>	<u>326,982</u>
<b>Other Assets</b>		
Pledges receivable, noncurrent, net	<u>8,252</u>	<u>27,760</u>
Total assets	<u>\$ 405,205</u>	<u>\$ 354,742</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 66,935	\$ 23,770
Total current liabilities	<u>66,935</u>	<u>23,770</u>
<b>Net Assets</b>		
Without donor restrictions	198,726	249,337
With donor restrictions	<u>139,544</u>	<u>81,635</u>
Total net assets	<u>338,270</u>	<u>330,972</u>
Total liabilities and net assets	<u>\$ 405,205</u>	<u>\$ 354,742</u>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Pages 1-2 should be read with these financial statements

# Washtenaw Housing Alliance

## Statement of Activities

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Support and Revenue</b>			
<b>Support</b>			
Contributions	\$ 748,347	\$ 65,000	\$ 813,347
In-kind contributions	25,504	-	25,504
Member contributions	6,500	-	6,500
Net assets released from restrictions			
Expiration of time restrictions	5,508	(5,508)	-
Expiration of purpose restrictions	1,583	(1,583)	-
Total operating support	<u>787,442</u>	<u>57,909</u>	<u>845,351</u>
<b>Revenue</b>			
Program income	<u>5,061</u>	-	<u>5,061</u>
Total operating revenue	<u>5,061</u>	-	<u>5,061</u>
Total operating support and revenue	<u>792,503</u>	<u>57,909</u>	<u>850,412</u>
<b>Operating Expenses</b>			
Program services	<u>746,595</u>	-	<u>746,595</u>
Supporting services			
General and administrative	<u>42,328</u>	-	<u>42,328</u>
Fundraising	<u>57,234</u>	-	<u>57,234</u>
Total supporting services	<u>99,562</u>	-	<u>99,562</u>
Total operating expenses	<u>846,157</u>	-	<u>846,157</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>(53,654)</u>	<u>57,909</u>	<u>4,255</u>
<b>Other Changes</b>			
Interest	<u>428</u>	-	<u>428</u>
Miscellaneous	<u>2,615</u>	-	<u>2,615</u>
Total other changes	<u>3,043</u>	-	<u>3,043</u>
<b>Change in Net Assets</b>	<b>(50,611)</b>	<b>57,909</b>	<b>7,298</b>
<b>Net Assets, Beginning of Year</b>	<u>249,337</u>	<u>81,635</u>	<u>330,972</u>
<b>Net Assets, End of Year</b>	<u>\$ 198,726</u>	<u>\$ 139,544</u>	<u>\$ 338,270</u>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Pages 1-2 should be read with these financial statements

# Washtenaw Housing Alliance

## Statement of Activities

Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support</b>			
Contributions	\$ 153,569	\$ 58,761	\$ 212,330
In-kind contributions	22,526	-	22,526
Member contributions	7,375	-	7,375
Net assets released from restrictions			
Expiration of time restrictions	5,860	(5,860)	-
Expiration of purpose restrictions	291	(291)	-
Total operating support	<u>189,621</u>	<u>52,610</u>	<u>242,231</u>
<b>Operating Expenses</b>			
Program services	<u>129,424</u>	<u>-</u>	<u>129,424</u>
Supporting services			
General and administrative	48,116	-	48,116
Fundraising	50,879	-	50,879
Total supporting services	<u>98,995</u>	<u>-</u>	<u>98,995</u>
Total operating expenses	<u>228,419</u>	<u>-</u>	<u>228,419</u>
Total operating support in excess (deficit) of operating expenses	<u>(38,798)</u>	<u>52,610</u>	<u>13,812</u>
<b>Other Changes</b>			
Interest	322	-	322
Miscellaneous	200	-	200
Total other changes	<u>522</u>	<u>-</u>	<u>522</u>
<b>Change in Net Assets</b>	<u>(38,276)</u>	<u>52,610</u>	<u>14,334</u>
<b>Net Assets, Beginning of Year</b>	<u>287,613</u>	<u>29,025</u>	<u>316,638</u>
<b>Net Assets, End of Year</b>	<u>\$ 249,337</u>	<u>\$ 81,635</u>	<u>\$ 330,972</u>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Pages 1-2 should be read with these financial statements

# Washtenaw Housing Alliance

## Statement of Functional Expenses

Year ended June 30, 2020

	Programs Services			Supporting Services			Total Expenses
	Permanent Supportive Housing Services	Blueprint to End Homelessness	Total	General and Administrative	Fundraising	Total	
Grants expense	\$ 593,834	\$ -	\$ 593,834	\$ -	\$ -	\$ -	\$ 593,834
Contracted staff	-	91,654	91,654	15,887	14,664	30,551	122,205
Development consultant and fees	-	-	-	-	37,157	37,157	37,157
Contracted staff benefits	-	17,622	17,622	3,055	2,820	5,875	23,497
Occupancy	-	12,542	12,542	3,010	1,171	4,181	16,723
Consultants and contractors	-	13,843	13,843	2,443	-	2,443	16,286
Accounting fees	-	-	-	12,790	-	12,790	12,790
Professional development	-	9,210	9,210	-	-	-	9,210
Program expenses	-	3,589	3,589	-	-	-	3,589
Insurance	-	-	-	3,080	-	3,080	3,080
Travel	-	1,713	1,713	302	-	302	2,015
Office expenses	-	1,032	1,032	69	275	344	1,376
Fundraising expenses	-	-	-	-	1,077	1,077	1,077
Communication expenses	-	957	957	106	-	106	1,063
Postage and printing	-	599	599	35	70	105	704
Miscellaneous expense	-	-	-	633	-	633	633
Bank and service charges	-	-	-	562	-	562	562
Dues and subscriptions	-	-	-	356	-	356	356
<b>Total expenses</b>	<b>\$ 593,834</b>	<b>\$ 152,761</b>	<b>\$ 746,595</b>	<b>\$ 42,328</b>	<b>\$ 57,234</b>	<b>\$ 99,562</b>	<b>\$ 846,157</b>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Pages 1-2 should be read with these financial statements



# Washtenaw Housing Alliance

## Statement of Functional Expenses

Year ended June 30, 2019

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Contracted staff	\$ 75,693	\$ 13,120	\$ 12,111	\$ 25,231	\$ 100,924
Development consultant and fees	-	-	39,649	39,649	39,649
Contracted staff benefits	18,228	3,160	2,917	6,077	24,305
Consultants and contractors	18,363	3,241	-	3,241	21,604
Occupancy	11,402	2,737	1,064	3,801	15,203
Accounting fees	-	14,540	-	14,540	14,540
Insurance	-	3,045	-	3,045	3,045
Office expenses	1,492	99	398	497	1,989
Program expenses	1,935	-	-	-	1,935
Postage and printing	1,059	62	125	187	1,246
Conferences and education	995	-	-	-	995
Communication expenses	890	99	-	99	989
Travel	684	121	-	121	805
Bank and service charges	-	589	-	589	589
Dues and subscriptions	-	356	-	356	356
Development expenses	209	-	-	-	209
Miscellaneous expense	-	35	-	35	35
Total expenses	<u>\$ 130,950</u>	<u>\$ 41,204</u>	<u>\$ 56,264</u>	<u>\$ 97,468</u>	<u>\$ 228,418</u>

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# Washtenaw Housing Alliance

## Statements of Cash Flows

Increase (Decrease) in Cash

Years ended June 30	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 7,298	\$ 14,334
Increase (decrease) from changes in assets and liabilities		
Pledges receivable	(54,492)	(22,400)
Deposits	225	(225)
Accounts payable	43,165	(16,437)
Net cash used by operating activities	<u>(3,804)</u>	<u>(24,728)</u>
<b>Net Decrease in Cash</b>	<b>(3,804)</b>	<b>(24,728)</b>
<b>Cash, Beginning of Year</b>	<b>326,257</b>	<b>350,985</b>
<b>Cash, End of Year</b>	<b>\$ 322,453</b>	<b>\$ 326,257</b>

The accompanying Notes which are an integral part of these financial statements and the Independent Accountants' Review Report on Pages 1-2 should be read with these financial statements

# Washtenaw Housing Alliance

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1 - Nature of Organization 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's activities are funded by contributions and membership fees.

#### Description of Program Services:

*Permanent Supportive Housing Services.* The Sister Yvonne Gellise Fund for Permanent Supportive Housing Services ("SYG Fund"), an endowment fund of the Ann Arbor Area Community Foundation, was established to create lasting systemic solutions to homelessness in Washtenaw County. The SYG Fund was established with a \$1 million gift from the St Joseph Mercy Health System to mark St Joseph Mercy Hospital's 100th anniversary. The Ann Arbor Area Community Foundation matched the Health System's inaugural gift with another \$1 million to help build the endowment. The Alliance works to grow the SYG fund in order to develop an infrastructure of permanent supportive housing services which help to sustain housing for the most needy members of the community, in partnership with federal, county, and community efforts.

*Blueprint to End Homelessness.* 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 ("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.

#### Description of Supporting Services:

*General and Administrative.* Includes the functions necessary to provide support to the Alliance's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

*Fundraising.* Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

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

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash.* Cash includes, but is not limited to, currency on hand, demand deposits with banks or financial institutions, and other accounts with general characteristics of demand deposits.

# Washtenaw Housing Alliance

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1 - Nature of Organization and Significant Accounting Policies (continued)

*Pledges Receivable.* Pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledges or grants become unconditional. Pledges receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual pledges and grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable.

*Basis of Net Asset Presentation.* The Alliance reports information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from the gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

*Contributions.* Contributions are recognized when donations are received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

*Member Contributions* - There were 28 alliance members for the years ended June 30, 2020 and 2019. Annual contributions per alliance member organization are typically \$500 for core members and \$250 for ancillary service providers.

*Contributed Services.* Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services totaled \$8,781 and \$7,323 for the years ended June 30, 2020 and 2019, respectively (see Note 5). Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

*Income Taxes.* The Alliance is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

# Washtenaw Housing Alliance

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 1 - Nature of Organization and Significant Accounting Policies (continued)

*Reclassifications.* Certain amounts from the prior year financial have been reclassified to conform to the current year presentation without affecting net assets as of June 30, 2019.

*Subsequent Events.* The Alliance evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through May 17, 2021, the date at which the financial statements were available for release.

### Note 2 - New Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, Topic 958, *Clarifying the Scope and the Guidance for Contributions Received and Contributions Made*, with the stated purposes of improving the accounting and financial reporting of grants and similar contracts as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and of distinguishing between conditional and unconditional contributions.

During the year ended June 30, 2020, the Alliance adopted the requirements of ASU 2018-08, applying the requirements retrospectively to the comparative period presented. Management has evaluated the effects of the new standard and has determined that the standard has had no changes to the financial statements for the year ended June 30, 2019.

### Note 3 - Pledges Receivable

Pledges receivable are expected to be collected as follows at June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 74,500	\$ 1,000
Allowance for uncollectible pledges	-	(500)
Pledges receivable, current, net	<u>\$ 74,500</u>	<u>\$ 500</u>
Due in one to five years	\$ 8,500	\$ 28,000
Less unamortized present value discount	(248)	(240)
Pledges receivable, noncurrent, net	<u>\$ 8,252</u>	<u>\$ 27,760</u>

# Washtenaw Housing Alliance

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 4 - Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows:

	July 1, 2019	Additions	Releases	June 30, 2020
<i>Time restrictions</i>	\$ 28,260	\$ 60,000	\$ 5,508	\$ 82,752
<i>Purpose restrictions</i>				
Sr. Yvonne Gellise Fund	17,500	-	-	17,500
Risk mitigation	5,875	5,000	-	10,875
Housing Locator position	30,000	-	1,583	28,417
	<u>\$ 81,635</u>	<u>\$ 65,000</u>	<u>\$ 7,091</u>	<u>\$ 139,544</u>
	July 1, 2018	Additions	Releases	June 30, 2019
<i>Time restrictions</i>	\$ 5,860	\$ 28,260	\$ 5,860	\$ 28,260
<i>Purpose restrictions</i>				
Sr. Yvonne Gellise Fund	17,791	-	291	17,500
Risk mitigation	5,374	501	-	5,875
Housing Locator position	-	30,000	-	30,000
	<u>\$ 29,025</u>	<u>\$ 58,761</u>	<u>\$ 6,151</u>	<u>\$ 81,635</u>

### Note 5 - Donated Services and Use of Facilities

The Alliance received donated time, used solely for programs, from contracted staff with an approximate value of \$8,781 and \$7,323 for the years ended June 30, 2020 and 2019, respectively. The amount is recorded in the financial statements as an in-kind contribution and related expense.

The Alliance entered into an agreement with Washtenaw County for free use of their facilities. The value to the Alliance of the in-kind facilities-use was \$16,723 and \$15,203 and was recognized as in-kind contribution and occupancy expense during the years ended June 30, 2020 and 2019, respectively.

### Note 6 - Liquidity and Availability of Resources

The Alliance receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Alliance manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve this target, the Alliance forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

# Washtenaw Housing Alliance

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 6 - Liquidity and Availability of Resources (continued)

The Alliance's financial assets available for general expenditures within one year are as follows at June 30, 2020 and 2019:

Financial assets at year-end:	<u>2020</u>	<u>2019</u>
Cash	\$ 322,453	\$ 326,257
Pledges receivable	82,752	28,260
Deposits	-	225
	<u>405,205</u>	<u>354,742</u>
Less amounts not available to be used within one year:		
Pledges receivable for long-term purposes	<u>(8,252)</u>	<u>(27,760)</u>
Financial assets available for general expenditures within one year	<u>\$ 396,953</u>	<u>\$ 326,982</u>

All of the Alliance's net asset restrictions are generally released within the next fiscal year. The Alliance anticipates that all net asset restrictions as of June 30, 2020 will be fully released during the next fiscal year.

### Note 7 - Concentrations

*Major Contributors.* During the year ended June 30, 2020, two major contributors of the Alliance comprised 71% of total support and revenue.

*Geographical.* The Alliance receives a substantial amount of its operating support and revenue from within the Ann Arbor, Michigan area.

### Note 8 - Uncertainty Related to the Virus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. In addition, most areas of the United States including Michigan, where the Organization is headquartered, have declared a state of emergency.

Potential impacts to the Alliance include restrictions on the Alliance's ability to work which may include restrictions on its ability to provide services, raise funds, and perform necessary administrative tasks. The potential impacts of COVID-19 on the Alliance's funders that may affect the funders' ability to continue to supporting the Alliance's operations are unknown.

COVID-19 may also adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could adversely impact the Alliance's operating results. Although management continues to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.