
Washtenaw Housing Alliance

Financial Report
June 30, 2019

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Independent Accountant's Review Report

To the Board of Directors
Washtenaw Housing Alliance

We have reviewed the accompanying financial statements of Washtenaw Housing Alliance (the "Alliance"), which comprise the balance sheet as of June 30, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 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.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 report.

Accountant's 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.

Emphasis of a Matter

As described in Note 2 to the financial statements, the Alliance adopted the provisions of Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. These provisions were implemented retrospectively. Our conclusion is not modified with respect to this matter.

Plante & Moran, PLLC

September 19, 2019

Washtenaw Housing Alliance

Balance Sheet

June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash	\$ 326,257	\$ 350,985
Pledges receivable (Note 3)	500	1,100
Deposits	225	-
Total current assets	326,982	352,085
Long-term Pledges Receivable - Net of current portion (Note 3)	27,760	4,760
Total assets	\$ 354,742	\$ 356,845
Liabilities and Net Assets		
Current Liabilities - Trade accounts payable	\$ 23,770	\$ 40,207
Net Assets		
Without donor restrictions	269,337	287,613
With donor restrictions (Note 5)	61,635	29,025
Total net assets	330,972	316,638
Total liabilities and net assets	\$ 354,742	\$ 356,845

Washtenaw Housing Alliance

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions	\$ 138,830	\$ 148,870
In-kind donations (Note 4)	22,526	23,867
Membership fees	7,375	8,000
Other revenue	200	7,757
Interest income	322	276
Total revenue, gains, and other support	169,253	188,770
Net assets released from restrictions	40,890	19,709
Total revenue, gains, other support, and net assets released from restrictions	210,143	208,479
Expenses:		
Program services	129,424	122,794
Support services:		
Management and general	48,116	44,387
Fundraising	50,879	35,429
Total expenses	228,419	202,610
(Decrease) Increase in Net Assets without Donor Restrictions	(18,276)	5,869
Changes in Net Assets with Donor Restrictions		
Contributions, grants, and pledges	73,500	32,552
Net assets released from restrictions	(40,890)	(19,709)
Increase in Net Assets with Donor Restrictions	32,610	12,843
Increase in Net Assets	14,334	18,712
Net Assets - Beginning of year	316,638	297,926
Net Assets - End of year	\$ 330,972	\$ 316,638

See notes to financial statements and independent accountant's review report.

Washtenaw Housing Alliance

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services	Support Services		Total
		Management and General	Fundraising	
Audit and accounting	\$ -	\$ 14,540	\$ -	\$ 14,540
Conferences/Education	846	149	-	995
Contracted services	730	-	-	730
Contracted staff	72,769	17,465	6,791	97,025
Contracted staff benefits	18,229	4,375	1,701	24,305
Credit card service charges	-	589	-	589
Events	1,935	-	-	1,935
Filing fees	-	20	-	20
Insurance	-	3,045	-	3,045
Occupancy	11,402	2,737	1,064	15,203
Other	3,915	-	-	3,915
Postage	67	1	6	74
Printing	995	176	-	1,171
Professional/Consultant	15,656	3,757	41,110	60,523
Supplies	1,477	52	207	1,736
Travel	684	121	-	805
Training	209	-	-	209
Telephone	510	90	-	600
Website	-	643	-	643
Dues and subscriptions	-	356	-	356
Total functional expenses	<u>\$ 129,424</u>	<u>\$ 48,116</u>	<u>\$ 50,879</u>	<u>\$ 228,419</u>

Washtenaw Housing Alliance

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services	Support Services		Total
		Management and General	Fundraising	
Audit and accounting	\$ -	\$ 13,592	\$ -	\$ 13,592
Conferences/Education	(280)	(50)	-	(330)
Contracted services	1,500	-	-	1,500
Contracted staff	75,135	18,032	7,013	100,180
Contracted staff benefits	22,606	5,426	2,110	30,142
Credit card service charges	-	717	-	717
Events	2,032	-	-	2,032
Filing fees	-	20	-	20
Insurance	-	2,803	-	2,803
Occupancy	11,402	2,737	1,064	15,203
Other	440	-	-	440
Postage	251	6	22	279
Printing	1,039	183	-	1,222
Professional/Consultant	(2,372)	(419)	25,000	22,209
Supplies	1,563	55	220	1,838
Travel	2,708	478	-	3,186
Training	6,260	-	-	6,260
Telephone	510	90	-	600
Website	-	717	-	717
Total functional expenses	<u>\$ 122,794</u>	<u>\$ 44,387</u>	<u>\$ 35,429</u>	<u>\$ 202,610</u>

Washtenaw Housing Alliance

Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 14,334	\$ 18,712
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization of discount of long-term pledges receivable	-	93
Contributions restricted for future use	(28,000)	-
Changes in operating assets and liabilities that provided (used) cash:		
Pledges receivable	5,600	10,000
Deposits	(225)	-
Accounts payable	(16,437)	27,722
Net (Decrease) Increase in Cash - Net cash (used in) provided by operating activities	(24,728)	56,527
Cash - Beginning of year	350,985	294,458
Cash - End of year	<u>\$ 326,257</u>	<u>\$ 350,985</u>

Note 1 - 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.

Note 2 - Significant Accounting Policies

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the Alliance adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Alliance, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general (administrative services) expenses and prohibits certain expenses from being allocated out of management and general category. The standard has been applied retrospectively to all years presented, except for the liquidity disclosures, as permitted by the standard. Adoption of the standard resulted in a reclassification of expenses from what was previously reported for 2018. Expenses totaling \$14,545 were reclassified from program services to management and general.

Upcoming Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The new guidance will be effective for the Alliance's year ending June 30, 2020 and will be applied on a modified prospective basis. The Alliance has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

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. The Alliance has recorded an allowance for doubtful accounts, which was determined based on historical collectibility.

Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as contributions without donor restrictions.

Membership Fees Revenue

There were 28 alliance members for the years ended June 30, 2019 and 2018. Annual dues per alliance member organization are typically \$500 for core members and \$250 for ancillary service providers and are recognized over the one-year term of the membership.

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

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Expenses are directly identified except for contracted staff and benefits, occupancy, and professional/consultant fees, which are all allocated based on an estimate of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Classification of Net Assets

Net assets of the Alliance are classified as without donor restrictions or with donor restrictions 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.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or the donor-imposed restriction have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Alliance.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Alliance or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Income Taxes

The Alliance is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of 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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 19, 2019, which is the date the financial statements were available to be issued.

Note 3 - Pledges Receivable

Pledges are recognized as revenue in the period the pledges are received. Long-term pledges receivable are reported at present value using a discount rate of 1.00 percent. The pledges receivable for June 30, 2019 and 2018 were as follows:

	2019	2018
Gross pledges due within one year	\$ 1,000	\$ 1,600
Allowance for uncollectible pledges	(500)	(500)
Net pledges receivable - Current	<u>\$ 500</u>	<u>\$ 1,100</u>
Gross pledges due in one to five years	\$ 28,000	\$ 5,000
Less unamortized discount	(240)	(240)
Net pledges receivable - Long term	<u>\$ 27,760</u>	<u>\$ 4,760</u>

Note 4 - Donated Services and Facilities

The value of services donated to the Alliance included as contribution revenue in the financial statements and the corresponding expenses for the year ended June 30, 2019 are as follows:

	Programs	Management and General	Fundraising	Total
Contracted staff benefits	\$ 5,492	\$ 1,319	\$ 512	\$ 7,323
Occupancy costs - Washtenaw County	11,402	2,737	1,064	15,203
Total	<u>\$ 16,894</u>	<u>\$ 4,056</u>	<u>\$ 1,576</u>	<u>\$ 22,526</u>

The value of services donated to the Alliance included as contribution revenue in the financial statements and the corresponding expenses for the year ended June 30, 2018 are as follows:

	Programs	Management and General	Fundraising	Total
Contracted staff benefits	\$ 6,498	\$ 1,560	\$ 606	\$ 8,664
Occupancy costs - Washtenaw County	11,402	2,737	1,064	15,203
Total	<u>\$ 17,900</u>	<u>\$ 4,297</u>	<u>\$ 1,670</u>	<u>\$ 23,867</u>

June 30, 2019 and 2018

Note 5 - Donor-restricted Net Assets

Net assets with donor restrictions 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. Net assets with donor restrictions consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Subject to expenditures for a specified purpose:		
Sr. Yvonne Gellise Fund	\$ 17,500	\$ 17,791
Risk mitigation	5,875	5,374
Housing Locator position	<u>30,000</u>	<u>-</u>
Total subject to expenditures for a specified purpose	53,375	23,165
Subject to the passage of time - Operating pledges	<u>8,260</u>	<u>5,860</u>
Total net assets with donor restrictions	<u>\$ 61,635</u>	<u>\$ 29,025</u>

Note 6 - Liquidity and Availability of Resources

The following reflects the Alliance's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

Cash	\$ 326,257
Pledges receivable	<u>28,260</u>
Financial assets - At year end	354,517
Less those unavailable for general expenditures within one year due to - Contractual or donor-imposed restrictions - Subject to satisfaction of donor time or purpose restrictions	<u>61,635</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 292,882</u>

The Alliance has a goal to maintain financial assets, which consist of cash on hand to meet one year of normal operating expenses, which are, on average, approximately \$200,000. The Alliance has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.