

GREENSBORO HOUSING COALITION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

GREENSBORO HOUSING COALITION, INC.

C O N T E N T S

June 30, 2020

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APPLE, KOCEJA & ASSOCIATES, PA

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greensboro Housing Coalition, Inc.
Greensboro, North Carolina

We have audited the accompanying financial statements of Greensboro Housing Coalition, Inc. (a nonprofit organization), 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greensboro Housing Coalition, Inc. as of June 30, 2020 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and our report dated October 10, 2019 expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Apple, Koeja & Associates, PA

Certified Public Accountants
November 11, 2020

GREENSBORO HOUSING COALITION, INC.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2020

(with comparative totals for June 30, 2019)

ASSETS	Without Donor Restriction	With Donor Restriction	Total as of June 30,	
			2020	2019
CURRENT ASSETS				
Cash	\$ -	\$ 377 397	\$ 377 397	\$ 202 901
Promises to give	-	240 000	240 000	194 500
Accounts receivable	6 890	-	6 890	29 147
Prepaid expenses	3 576	-	3 576	5 048
Total current assets	<u>10 466</u>	<u>617 397</u>	<u>627 863</u>	<u>431 596</u>
PROPERTY AND EQUIPMENT				
Furniture and equipment	11 369	-	11 369	11 369
Less accumulated depreciation	<u>(5 300)</u>	<u>-</u>	<u>(5 300)</u>	<u>(4 087)</u>
Net property and equipment	<u>6 069</u>	<u>-</u>	<u>6 069</u>	<u>7 282</u>
OTHER LONG-TERM ASSETS				
Beneficial interest in a trust	-	50 906	50 906	53 084
Promises to give	-	50 000	50 000	-
Deposits	3 975	-	3 975	4 650
Total other assets	<u>3 975</u>	<u>100 906</u>	<u>104 881</u>	<u>57 734</u>
Total assets	<u>\$ 20 510</u>	<u>\$ 718 303</u>	<u>\$ 738 813</u>	<u>\$ 496 612</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 1 434	\$ -	\$ 1 434	\$ 11 845
Accrued vacation pay	12 787	-	12 787	12 472
Refundable advance (PPP loan)	49 394	-	49 394	-
Due to (due from)	<u>134 137</u>	<u>(134 137)</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>197 752</u>	<u>(134 137)</u>	<u>63 615</u>	<u>24 317</u>
LONG-TERM LIABILITIES				
Deferred rent liability	<u>40 745</u>	<u>-</u>	<u>40 745</u>	<u>37 273</u>
NET ASSETS				
Without donor restriction	(217 987)	-	(217 987)	(51 731)
With donor restriction	<u>-</u>	<u>852 440</u>	<u>852 440</u>	<u>486 753</u>
Total net assets	<u>(217 987)</u>	<u>852 440</u>	<u>634 453</u>	<u>435 022</u>
Total liabilities and net assets	<u>\$ 20 510</u>	<u>\$ 718 303</u>	<u>\$ 738 813</u>	<u>\$ 496 612</u>

See notes to financial statements

GREENSBORO HOUSING COALITION, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Without Donor Restriction	With Donor Restriction	Total Year ended June 30,	
			2020	2019
PUBLIC SUPPORT				
Contributions and memberships	\$ 40 068	\$ 5 000	\$ 45 068	\$ 63 622
Special events	40 201	-	40 201	1 000
Grants	<u>124 018</u>	<u>671 750</u>	<u>795 768</u>	<u>528 494</u>
Total public support	<u>204 287</u>	<u>676 750</u>	<u>881 037</u>	<u>593 116</u>
OTHER REVENUE				
Program service fees	8 008	-	8 008	23 927
Government grants and contracted services	129 396	-	129 396	136 803
Net investment gain (loss)	<u>2 263</u>	<u>(2 178)</u>	<u>85</u>	<u>1 170</u>
Total other revenue	<u>139 667</u>	<u>(2 178)</u>	<u>137 489</u>	<u>161 900</u>
Net assets released from restrictions	<u>308 885</u>	<u>(308 885)</u>	<u>-</u>	<u>-</u>
Total public support, other revenue and releases from restrictions	<u>652 839</u>	<u>365 687</u>	<u>1018 526</u>	<u>755 016</u>
EXPENSES				
Functional expenses:				
Program services				
Homeless Prevention	156 979	-	156 979	208 323
Housing Counseling	153 118	-	153 118	180 940
Healthy Homes	279 241	-	279 241	440 657
Supporting services				
Management and General	187 180	-	187 180	144 573
Fundraising	<u>42 577</u>	<u>-</u>	<u>42 577</u>	<u>23 539</u>
Total expenses	<u>819 095</u>	<u>-</u>	<u>819 095</u>	<u>998 032</u>
CHANGE IN NET ASSETS	(166 256)	365 687	199 431	(243 016)
Net Assets - beginning of year	<u>(51 731)</u>	<u>486 753</u>	<u>435 022</u>	<u>678 038</u>
Net Assets - end of year	<u>\$ (217 987)</u>	<u>\$ 852 440</u>	<u>\$ 634 453</u>	<u>\$ 435 022</u>

See notes to financial statements

GREENSBORO HOUSING COALITION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Program Services			Supporting Services			Total	
	Homeless Prevention	Housing Counseling	Healthy Homes	Total Program Services	Management and General		Total Supporting Services	Year ended June 30, 2020
					General	Fundraising		2019
Salaries	\$ 86 449	\$ 103 871	\$ 144 828	\$ 335 148	\$ 99 824	\$ 30 525	\$ 130 349	\$ 465 497
Employee benefits	6 463	11 703	15 484	33 650	20 155	4 287	24 442	58 092
Payroll taxes	7 187	8 603	11 788	27 578	8 465	2 562	11 027	38 605
Total salaries and related expenses	100 099	124 177	172 100	396 376	128 444	37 374	165 818	573 181
Specific assistance to individuals	33 832	8 720	-	42 552	-	-	-	42 552
Professional fees	240	1 925	26 375	28 540	15 002	-	15 002	43 542
Telephone	2 334	2 738	5 729	10 801	3 870	-	3 870	14 671
Office expense and postage	3 447	2 054	1 554	7 055	10 010	2 200	12 210	19 265
Printing	1 440	792	1 045	3 277	2 520	240	2 760	6 037
Occupancy	9 283	9 283	16 034	34 600	16 593	1 500	18 093	52 693
Program expense	1 713	-	50 043	51 756	-	-	-	51 756
Dues and subscriptions	-	-	-	-	855	95	950	950
Insurance	2 351	908	1 656	4 915	4 279	-	4 279	9 194
Training	695	897	320	1 912	925	-	925	2 837
Travel	1 348	1 485	4 381	7 214	2 433	104	2 537	9 751
Miscellaneous	197	139	4	340	1 036	1 064	2 100	2 440
Total expenses before depreciation	156 979	153 118	279 241	589 338	185 967	42 577	228 544	817 882
Depreciation	-	-	-	-	1 213	-	1 213	1 221
Total	\$ 156 979	\$ 153 118	\$ 279 241	\$ 589 338	\$ 187 180	\$ 42 577	\$ 229 757	\$ 998 032

See notes to financial statements

GREENSBORO HOUSING COALITION, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Total	
	Year ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 199 431	\$ (243 016)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	1 213	1 221
(Increase) decrease in promises to give	(95 500)	90 500
(Increase) decrease in accounts receivable	22 257	(5 307)
(Increase) decrease in deposits	675	1 335
(Increase) decrease in prepaid expenses	1 472	(1 875)
Increase (decrease) in accounts payable	(10 411)	1 739
Increase (decrease) in refundable advance (PPP loan)	49 394	-
Increase (decrease) in accrued vacation pay	315	(509)
Increase (decrease) in deferred rent payable	3 472	16 973
Net cash provided by (used by) operating activities	<u>172 318</u>	<u>(138 939)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net earnings retained at the Community Foundation	2 178	(980)
Transfer of cash to the Community Foundation	<u>-</u>	<u>(100)</u>
Net cash provided by (used by) financing activities	2 178	(1 080)
Net increase (decrease) in cash and cash equivalents	174 496	(140 019)
Cash and cash equivalents at beginning of year	<u>202 901</u>	<u>342 920</u>
Cash and cash equivalents, end of year	<u><u>\$ 377 397</u></u>	<u><u>\$ 202 901</u></u>

See notes to financial statements

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. **Summary of Significant Accounting Policies and Nature of Organization**

Nature of Organization

Greensboro Housing Coalition, Inc. is a non-profit corporation organized under the laws of the State of North Carolina to advocate for affordable housing for low-wealth and special-needs households. The Organization is supported primarily through grants and contributions.

Financial Statement Presentation

The financial statements were prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"). The Organization 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.

Contributions and Unconditional Promises to Give

Contributions received are recorded with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as restricted support and are then reclassified to net assets without donor restrictions upon expiration of the time restriction and/or satisfaction of the program restriction. Restricted contributions whose restrictions are met in the same fiscal period are reported as contributions without donor restrictions. All other donor-restricted contributions are reported as net assets with donor restrictions depending on the nature of the restriction. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are also recognized when the donor makes a specific promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give at June 30, 2020 are considered fully collectible. Accordingly, no provision is made for uncollectible amounts.

Donated Services

Donated services are recorded if they create or enhance a non-financial asset or if the services received require specialized skills that would have otherwise been purchased by the Organization.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1. Summary of Significant Accounting Policies and Nature of Organization (continued)

Property and Equipment

Property and equipment is stated at cost or at estimated fair value at date of donation in the case of donated assets. Such donations are reported as without donor restricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets costing \$500 or more with an estimated useful life of more than one year. Depreciation is computed by the straight-line method over the assets' estimated useful lives. Expenditures for maintenance and repairs which do not improve or extend the life of an asset are charged to expense as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Some expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Management reviews the percentage of time per person and program as well as actual usage on an annual basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, overhead items such as supplies, office and copier rent, and other general expenses.

Subsequent Events

Subsequent events have been evaluated through November 11, 2020, which is the date the financial statements were available to be issued.

Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. For the year ended June 30, 2020, the Organization has determined that no income taxes are due for its activities.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all checking accounts, savings accounts, and money market accounts with original maturities of three months or less to be cash equivalents. The Organization paid no interest or income taxes during the year.

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 1. Summary of Significant Accounting Policies and Nature of Organization (continued)

Recently Issued Accounting Standards

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional and unconditional contributions. The Organization adopted this change in accounting principle for the year ended June 30, 2020 and has applied it prospectively.

Note 2. Liquidity and Availability of Funds

As part of the Organization's liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2020, the Organization does not have financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date and has a deficit of \$127,247. The Organization is substantially supported by contributions and grants which are anticipated to continue and be available to eliminate this deficit and pay its general expenditures and liabilities as they come due.

Note 3. Concentration of Risk

The Organization maintains cash balances in a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, the Organization had \$140,662 in uninsured cash balances.

Note 4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2020, expected to be received within one year, consist of a grant receivable to improve health and quality of life in the Cottage Grove neighborhood of \$200,000, \$15,000 for the Healthy Homes program, and \$25,000 for team building. An additional \$50,000 is promised for the Cottage Grove neighborhood for the year ending June 30, 2021.

Note 5. Beneficial Interest in a Trust

The Organization is the beneficiary of an endowment trust fund that is administered with the Community Foundation of Greater Greensboro ("the Foundation"), who has the authority to invest the endowment funds without restriction. The Foundation's investment policy is to diversify investments so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. The Organization's beneficial interest in a trust, at fair value, totaled \$50,906 at June 30, 2020.

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 6. Summary of Fair Value Exposure

The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy (Levels 1 through 3) is used to prioritize the inputs. Level 1 investments have available quoted prices in active markets for identical securities. Level 2 investments are defined as having other significant observable inputs (including quoted prices for similar securities, etc.). Level 3 inputs are unobservable inputs for investments.

Beneficial Interest in a Trust - The Organization considers funds held and managed by the Community Foundation of Greater Greensboro to be Level 2 inputs since these are part of a pool of investments, predominately invested in mutual funds.

Note 7. Endowment Fund

The original value of the gifts is classified as donor restricted net assets in accordance with guidelines established by the State Uniform Prudent Management of Institutional Funds Act (SUPMIFA). The original value may only be distributed to the Organization with the written approval by a majority of both the Board of Directors of the Organization and the Board of Directors of the Foundation. Earnings from the donor-restricted funds are classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SUPMIFA. The Endowment is invested with The Community Foundation of Greater Greensboro, Inc. The Organization has a policy of appropriating for distribution a set amount of investment income (determined by the Foundation) to be used for unrestricted operating purposes. The current spending policy provides income for operating purposes and preserves endowment assets without subjecting them to substantial risk. The activity of the endowment fund was as follows for the year ended June 30, 2020:

	Donor Restricted
Beginning of year	\$ 53 084
Investment income	1 322
Change in market value	(2 780)
Investment fees	(720)
End of year	<u>\$ 50 906</u>

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 8. Donor Restricted Net Assets

At June 30, 2020, donor restricted net assets were available for the following purposes or periods:

Specific purpose:

BUILD grants and matching grants	\$ 390 249
BCBS – Cottage Grove	204 626
Eviction resolution	84 954
United Way Covid assistance	55 241
Community organizing	25 000
Coaching/team building	25 000
Cone Health – Healthy Homes	15 000
Rent assistance	1 464

Beneficial interest in a trust, investment in perpetuity:

Unappropriated earnings	806
Original gift	50 100

Total donor restricted net assets	<u>\$ 852 440</u>
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Note 9. Refundable advance (PPP loan)

On June 1, 2020, the Organization received loan proceeds of \$98,879 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to eligible businesses and nonprofit organizations. The loans and accrued interest are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The Organization used all loan proceeds as of August 30, 2020, for purposes consistent with the PPP and believes that its use of the proceeds will meet the conditions for forgiveness of the loan.

As of June 30, 2020, the Organization had used \$49,485 for purposes consistent with the PPP and this amount was recognized as grant income. The loan balance that remained unspent of \$49,394 as of June 30, 2020 is reported on the Statement of Financial Position as a refundable advance.

Note 10. Retirement Plan

The Organization has a SIMPLE retirement plan that covers all part-time and full-time employees once they have been employed with the Organization for ninety days. The Organization matches up to 3% of an employee's salary deferral into the plan. For the year ended June 30, 2020, retirement plan expense amounted to \$10,533.

GREENSBORO HOUSING COALITION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

Note 11. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by expiration of time restrictions, as follows:

Satisfaction of purpose restrictions	\$ 308 885
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Note 12. Bank Line of Credit

The Organization has an unsecured 5-year revolving line of credit with a maximum available amount of \$30,000. The interest rate currently is prime plus 1.75%. There was no outstanding balance as of June 30, 2020.

Note 13. Lease Commitments

The Organization is obligated at June 30, 2020 under lease agreements for office space and a copy machine. The lease for office space stipulates one year of free rent and subsequent year rent escalations. The Organization calculates its rent expense on the straight-line basis. The difference between the recognition under this basis and the actual cash payments is reflected as a deferred rent liability. For the year ended June 30, 2020, lease expense was \$44,079. Future commitments required under the lease agreements are as follows:

Year ending June 30, 2021	\$ 43 576
2022	41 344
2023	40 600
2024	40 600
2025	40 600
Thereafter	<u>142 100</u>
	<u>\$ 348 820</u>