

ALMOST HOME

FINANCIAL STATEMENTS

December 31, 2017 and 2016



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Almost Home
St. Louis, Missouri

We have audited the accompanying financial statements of Almost Home (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Almost Home as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Zielinski & Associates

April 4, 2018

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STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 803,638	\$ 825,902
Accounts receivable (Note B)	332,880	293,419
Prepaid expenses	12,411	8,313
Property, plant, and equipment—net (Note C)	970,216	1,023,755
Other investments		
Almost Home Permanent Housing, L.P. (Note D)	234,613	234,613
Other assets	<u>5,576</u>	<u>1,678</u>
TOTAL ASSETS	<u>\$ 2,359,334</u>	<u>\$ 2,387,680</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 40,000	\$ 40,992
Lease payable (Note F)	5,173	6,712
Other liabilities—Small Dollar IDA Program	<u>953</u>	<u>3,500</u>
TOTAL LIABILITIES	<u>46,126</u>	<u>51,204</u>
Net assets		
Unrestricted	2,092,668	2,155,047
Temporarily restricted (Note H)	<u>220,540</u>	<u>181,429</u>
TOTAL NET ASSETS	<u>2,313,208</u>	<u>2,336,476</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,359,334</u>	<u>\$ 2,387,680</u>

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STATEMENTS OF ACTIVITIES

For the years ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Participant fees	\$ 7,076	-	\$ 7,076	\$ 8,457	-	\$ 8,457
Government grants and fees	357,102	-	357,102	372,178	-	372,178
United Way	96,711	-	96,711	108,874	-	108,874
Donations, net of direct donor benefits and special event expenses of \$34,078 and \$34,994 in 2017 and 2016, respectively.	376,881	\$ 52,050	428,931	900,957	\$ 30,035	930,992
Interest	460	-	460	240	-	240
Gifts in-kind	60,310	-	60,310	23,960	-	23,960
	898,540	52,050	950,590	1,414,666	30,035	1,444,701
Net assets released from restrictions						
Satisfaction of program restrictions	12,939	(12,939)	-0-	23,785	(23,785)	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	12,939	(12,939)	-0-	23,785	(23,785)	-0-
TOTAL SUPPORT AND REVENUE	911,479	39,111	950,590	1,438,451	6,250	1,444,701
Expenses						
Program services	702,479	-	702,479	798,582	-	798,582
Management and general	148,113	-	148,113	172,061	-	172,061
Fundraising	123,266	-	123,266	129,592	-	129,592
TOTAL EXPENSES	973,858	-	973,858	1,100,235	-	1,100,235
CHANGES IN NET ASSETS	(62,379)	39,111	(23,268)	338,216	6,250	344,466
Net Assets, Beginning of Year	2,155,047	181,429	2,336,476	1,816,831	175,179	1,992,010
NET ASSETS, END OF YEAR	\$ 2,092,668	\$ 220,540	\$ 2,313,208	\$ 2,155,047	\$ 181,429	\$ 2,336,476

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STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2017 and 2016

	2017				2016			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Bank charges	-	\$ 3,213	-	\$ 3,213	-	\$ 2,695	-	\$ 2,695
Interest expense	\$ 361	80	\$ 75	516	\$ 149	33	\$ 31	213
Food	22,483	-	-	22,483	27,899	-	-	27,899
Supplies	8,679	181	99	8,959	13,443	280	153	13,876
Fundraising	-	-	11,703	11,703	-	-	5,885	5,885
Dues and subscriptions	1,439	318	299	2,056	2,600	575	541	3,716
Utilities	32,420	2,222	1,709	36,351	30,050	2,060	1,584	33,694
Miscellaneous	18,057	5,694	2,862	26,613	19,675	6,204	3,119	28,998
Postage and office supplies	3,111	688	646	4,445	3,171	701	659	4,531
Insurance	23,592	2,620	2,238	28,450	19,578	2,174	1,857	23,609
Repairs and maintenance	26,450	1,143	791	28,384	28,067	1,256	869	30,192
Salaries and payroll taxes	398,021	97,681	88,667	584,369	453,047	99,766	92,481	645,294
Donation in-kind salaries	37,074	4,119	-	41,193	20,514	2,279	-	22,793
Benefits	27,974	6,757	6,503	41,234	25,497	5,977	6,916	38,390
Education	3,606	409	385	4,400	12,949	1,469	1,382	15,800
Transportation	6,060	-	-	6,060	11,413	-	-	11,413
Taxes and licenses	-	258	-	258	-	602	-	602
Professional fees	28,165	20,117	5,855	54,137	60,430	43,162	12,563	116,155
CEO program expense	218	-	-	218	-	-	-	-0-
Depreciation	64,769	2,613	1,434	68,816	70,100	2,828	1,552	74,480
TOTAL EXPENSES	\$ 702,479	\$ 148,113	\$ 123,266	\$ 973,858	\$ 798,582	\$ 172,061	\$ 129,592	\$ 1,100,235

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (23,268)	\$ 344,466
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	68,816	74,480
Changes in:		
Accounts receivable	(39,461)	76,303
Prepaid expenses and other assets	(7,996)	(583)
Accounts payable and other liabilities	<u>(5,078)</u>	<u>(12,282)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(6,987)</u>	<u>482,384</u>
Cash Flows from Investing Activities		
Property and equipment—net	<u>(15,277)</u>	<u>(16,851)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(15,277)</u>	<u>(16,851)</u>
NET (DECREASE) INCREASE IN CASH	(22,264)	465,533
Cash and Cash Equivalents, Beginning of Year	<u>825,902</u>	<u>360,369</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 803,638</u>	<u>\$ 825,902</u>
Interest Paid	<u>\$ 516</u>	<u>\$ 213</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Almost Home (the Organization), is a not-for-profit corporation organized under the law of the State of Missouri and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service Code. Almost home is a transitional living experience for young women with children, coming from inadequate housing or other agencies, who want to develop personal and economic independence and stability. Almost Home commits to provide an environment of trust and respect where women may develop concrete skills which will enable them to achieve their individual goals. Prior to December 15, 2015, Almost Home was sponsored by the Franciscan Sisters of Mary. Effective December 15, 2015, Almost home is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) independent of the Franciscan Sisters of Mary.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets—net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—net assets that may be used only after the passage of a donor-stipulated period of time or for a donor-stipulated purpose.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. At times, cash may be in excess of the FDIC limits.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 4, 2018, the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost or fair market value at date of donation. During the year ended December 31, 2014, the capitalization policy was reevaluated and increased. All expenditures for property and equipment in excess of \$1,000 are capitalized. Major renewals and improvements are capitalized while replacements, maintenance, and repairs which do not improve or extend the lives of the assets are expensed currently. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis as follows:

	<u>Years</u>
Buildings	20-40
Furniture and equipment	3-10
Land improvements	20
Automobiles	5

Use of Estimates

In preparing the Organization's financial statements, in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Comparative Statements

The financial statements for the prior period are presented for comparative purposes.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from comparable state law whereby only unrelated business income when earned, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income.

The Organization does not believe there are any material uncertain tax positions and, accordingly, they will not recognize any liability for them. For the year ended December 31, 2016, there were no penalties or interest recorded or included in the financial statements.

The Organization's Form 990, Return of Organization Exempt from Income Taxes for the years ending December 31, 2017, 2016, and 2015, are subject to examination by the IRS, generally three years after they were filed.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The Organization allocates certain of its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to that function.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. Contributed services are recognized if the services require specialized skills and would need to be purchased if not provided by donation. Contributed services of \$41,193 and \$22,793 were received during the years ended December 31, 2017 and 2016, respectively.

NOTE B—ACCOUNTS RECEIVABLE

As of December 31, accounts receivable consisted of:

	<u>2017</u>	<u>2016</u>
United Way	-	\$ 25,000
CACFP	\$ 871	1,784
St. Louis County	14,230	27,787
Almost Home Permanent Housing, L.P.	211,217	132,669
Other	<u>106,562</u>	<u>106,179</u>
TOTAL	<u>\$ 332,880</u>	<u>\$ 293,419</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016

NOTE C—PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,775,057	1,775,057
Furniture and equipment	166,299	174,942
Land improvements	202,354	202,354
Automobiles	<u>41,162</u>	<u>41,162</u>
	2,231,635	2,240,278
Less: accumulated depreciation	<u>(1,261,419)</u>	<u>(1,216,523)</u>
TOTAL	<u>\$ 970,216</u>	<u>\$ 1,023,755</u>

Depreciation expense was \$68,816 and \$74,480 for the years ended December 31, 2017 and 2016, respectively.

NOTE D—INVESTMENT IN PARTNERSHIP

Almost Home is the general partner (0.01%) in Almost Home Permanent Housing, L.P. (Partnership). The limited partner is a bank (99.98%) and its affiliate (0.01%). The Partnership owns and operates an apartment building to be used as transitional housing for women. The investment in the Partnership is accounted for using the cost method. During the construction of the transitional housing, certain transactions occurred between (the Partnership) and the Organization.

As of December 31, 2017 and 2016, the Investment in Partnership consisted of:

Cash advances to the Partnership	\$ 82,859
Cash contributed to Partnership	45,571
Land contributed to Partnership	61,754
Expenses paid during construction	<u>44,429</u>
TOTAL	<u>\$ 234,613</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016

NOTE E—LINE OF CREDIT

On March 10, 2015, the Organization obtained a demand line of credit up to a maximum of \$90,000. The interest rate charged on any outstanding balance will be equal to the prime rate announced by the bank. There have been no draws on the line of credit to date.

NOTE F—LEASE PAYABLE

During the year ended December 31, 2016, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$3,029. As of December 31, 2017, the accumulated depreciation on the copier was \$858. The copier is being depreciated over the term of the capital lease, which is five years.

During the year ended December 31, 2015, the Organization entered into a capital lease agreement for an office copier. The equipment has a value of \$5,440. As of December 31, 2017, the accumulated depreciation on the copier was \$2,901. The copier will be depreciated over five years.

The future minimum lease payments as of December 31, 2017 are as follows:

<u>Year Ending December 31</u>	
2018	\$ 1,684
2019	1,684
2020	1,050
2021	<u>755</u>
	<u>\$ 5,173</u>

Interest paid on the leases was \$516 and \$213, respectively, for the years ended December 31, 2017 and 2016.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016

NOTE G—RELATED-PARTY TRANSACTIONS

Almost Home is a general partner in Almost Home Permanent Housing, L.P. Accounts receivable of \$294,076 and \$215,528 at December 31, 2017 and 2016, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$211,217 and \$132,669 at December 31, 2017 and 2016, respectively, are due for operating expenses and \$82,859 is an advance from the General Partner.

NOTE H—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31:

	<u>2017</u>	<u>2016</u>
Program	\$ 84,105	\$ 40,345
Board designated	89,026	89,026
Capital purchases	26	4,026
Scholarships	20,139	20,788
Alumni support	24,469	24,469
GED classes	<u>2,775</u>	<u>2,775</u>
TOTAL	<u>\$ 220,540</u>	<u>\$ 181,429</u>

NOTE I—CONTINGENT LIABILITIES

Almost Home receives State, St. Louis County, and City of St. Louis grant funding for specific purposes that are subject to review and audit by the grantor or their representatives. These reviews and audits could lead to requests for reimbursements or to withholding of future funding for expenditures disallowed under, or other noncompliance, with the terms of the grants and funding. Almost Home is not aware of any noncompliance with State, St. Louis County, and City of St. Louis provisions that might require Almost Home to provide reimbursements that would be significant to the Almost Home financial statements.

Almost Home (general partner) and Almost Home Development, L.L.C. (guarantor) have certain obligations for operating deficits and certain other costs in connection with Almost Home Permanent Housing, L.P. (Project). The Project was completed during 2004 and began operations in September 2004.

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NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2017 and 2016

NOTE J—CONCENTRATION OF SUPPORT RISK

The Organization receives support from various sources. For 2017 and 2016, 35 percent and 22 percent, respectively, of the Organization's support was from a single source.

NOTE K—CONTINGENCIES

The Organization is a defendant in a legal action. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the resolution of this matter will not have a material effect on the Organization's financial statements.