

ALMOST HOME

FINANCIAL STATEMENTS

December 31, 2018 and 2017



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ZIELINSKI & ASSOCIATES, P.C.

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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, 2018 and 2017, 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, 2018 and 2017, 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 11, 2019

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STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 638,670	\$ 803,638
Accounts receivable (Note C)	464,539	332,880
Prepaid expenses	11,052	12,411
Property, plant, and equipment—net (Note D)	903,887	970,216
Other investments		
Almost Home Permanent Housing, L.P. (Note E)	234,613	234,613
Other assets	<u>2,453</u>	<u>5,576</u>
TOTAL ASSETS	<u>\$ 2,255,214</u>	<u>\$ 2,359,334</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 21,344	\$ 40,000
Lease payable (Note G)	3,635	5,173
Other liabilities—Small Dollar IDA Program	<u>-</u>	<u>953</u>
TOTAL LIABILITIES	<u>24,979</u>	<u>46,126</u>
Net assets		
Without donor restrictions	1,985,319	2,092,668
Board designated (Note I)	135,437	89,026
With donor restrictions (Note J)	<u>109,479</u>	<u>131,514</u>
TOTAL NET ASSETS	<u>2,230,235</u>	<u>2,313,208</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,255,214</u>	<u>\$ 2,359,334</u>

ALMOST HOME

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Participant fees	\$ 2,480	-	\$ 2,480	\$ 7,076	-	\$ 7,076
Government grants and fees	313,601	-	313,601	357,102	-	357,102
United Way	93,867	-	93,867	96,711	-	96,711
Donations, net of direct donor benefits and special event expenses of \$26,417 and \$34,078 in 2018 and 2017, respectively.	364,961	\$ 28,602	393,563	376,881	\$ 52,050	428,931
Interest	992	-	992	460	-	460
Donations in-kind	51,037	-	51,037	60,310	-	60,310
	826,938	28,602	855,540	898,540	52,050	950,590
Net assets released from restrictions						
Satisfaction of program restrictions	50,637	(50,637)	-0-	101,965	(101,965)	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>50,637</u>	<u>(50,637)</u>	<u>-0-</u>	<u>101,965</u>	<u>(101,965)</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>877,575</u>	<u>(22,035)</u>	<u>855,540</u>	<u>1,000,505</u>	<u>(49,915)</u>	<u>950,590</u>
Expenses						
Program services	688,875	-	688,875	703,492	-	703,492
Management and general	148,326	-	148,326	148,149	-	148,149
Fundraising	101,312	-	101,312	122,217	-	122,217
TOTAL EXPENSES	<u>938,513</u>	<u>-</u>	<u>938,513</u>	<u>973,858</u>	<u>-</u>	<u>973,858</u>
CHANGES IN NET ASSETS	(60,938)	(22,035)	(82,973)	26,647	(49,915)	(23,268)
Net Assets, Beginning of Year	<u>2,181,694</u>	<u>131,514</u>	<u>2,313,208</u>	<u>2,155,047</u>	<u>181,429</u>	<u>2,336,476</u>
NET ASSETS, END OF YEAR	<u>\$ 2,120,756</u>	<u>\$ 109,479</u>	<u>\$ 2,230,235</u>	<u>\$ 2,181,694</u>	<u>\$ 131,514</u>	<u>\$ 2,313,208</u>

See notes to financial statements.

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STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2018 and 2017

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Bank charges	-	\$ 2,638	-	\$ 2,638	-	\$ 3,213	-	\$ 3,213
Interest expense	\$ 254	56	\$ 53	363	\$ 361	80	\$ 75	516
Food	35,946	-	-	35,946	22,483	-	-	22,483
Supplies	10,069	210	115	10,394	8,679	181	99	8,959
Fundraising	-	-	4,356	4,356	-	-	11,703	11,703
Dues and subscriptions	1,002	221	208	1,431	1,439	318	299	2,056
Utilities	35,713	2,448	1,883	40,044	32,420	2,222	1,709	36,351
Technology	5,988	1,907	976	8,871	9,627	3,067	1,569	14,263
Childcare services	12,366	-	-	12,366	2,382	-	-	2,382
Miscellaneous	7,516	1,074	358	8,948	5,131	734	244	6,109
Postage and office supplies	3,427	758	711	4,896	3,111	688	646	4,445
Insurance	23,170	2,573	2,199	27,942	23,592	2,620	2,238	28,450
Repairs and maintenance	23,359	1,009	698	25,066	26,450	1,143	791	28,384
Salaries and payroll taxes	312,859	76,781	69,696	459,336	398,021	97,681	88,667	584,369
Donation in-kind salaries	45,930	5,107	-	51,037	37,074	4,119	-	41,193
Benefits	21,172	5,114	4,922	31,208	27,974	6,757	6,503	41,234
Education	10,962	1,243	1,171	13,376	3,606	409	385	4,400
Transportation	14,158	-	-	14,158	6,060	-	-	6,060
Taxes and licenses	-	(373)	-	(373)	-	258	-	258
Professional fees	62,337	45,041	12,584	119,962	30,095	22,046	5,855	57,996
CEO program expense	218	-	-	218	218	-	-	218
Depreciation	62,429	2,519	1,382	66,330	64,769	2,613	1,434	68,816
TOTAL EXPENSES	\$ 688,875	\$ 148,326	\$ 101,312	\$ 938,513	\$ 703,492	\$ 148,149	\$ 122,217	\$ 973,858

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (82,973)	\$ (23,268)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	66,330	68,816
Changes in:		
Accounts receivable	(131,660)	(39,461)
Prepaid expenses and other assets	4,482	(7,996)
Accounts payable and other liabilities	<u>(21,147)</u>	<u>(5,078)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(164,968)</u>	<u>(6,987)</u>
Cash Flows from Investing Activities		
Property and equipment—net	<u>-</u>	<u>(15,277)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(15,277)</u>
NET DECREASE IN CASH	(164,968)	(22,264)
Cash and Cash Equivalents, Beginning of Year	<u>803,638</u>	<u>825,902</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 638,670</u>	<u>\$ 803,638</u>
Interest Paid	<u>\$ 363</u>	<u>\$ 516</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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:

Net assets without donor restrictions—net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—net assets subject to donor-imposed stipulations that can be used for specified purposes or time periods or must be maintained in perpetuity by the Organization.

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 support with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as unrestricted support and increased net assets without donor restrictions.

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 11, 2019, the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

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, 2018, 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 ended December 31, 2018, 2017, and 2016, 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, 2018 and 2017

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 \$51,037 and \$41,193 were received during the years ended December 31, 2018 and 2017, respectively.

NOTE B—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2018</u>
Cash and cash equivalents	\$ 638,670
Accounts receivable	209,403
Line of credit	<u>90,000</u>
Less accrued expenses	(24,979)
Less with donor restrictions	<u>(109,479)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 803,615</u>

As part of management's liquidity plan, cash in excess of daily requirements is invested in money market funds.

NOTE C—ACCOUNTS RECEIVABLE

As of December 31, accounts receivable consisted of:

	<u>2018</u>	<u>2017</u>
Almost Home Permanent Housing, L.P.	\$ 255,136	\$ 211,217
St. Louis County	104,273	14,230
United Way	93,867	96,288
Other	11,031	10,274
CACFP	<u>232</u>	<u>871</u>
TOTAL	<u>\$ 464,539</u>	<u>\$ 332,880</u>

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE D—PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,775,057	1,775,057
Furniture and equipment	166,299	166,299
Land improvements	202,354	202,354
Automobiles	<u>41,162</u>	<u>41,162</u>
	2,231,635	2,231,635
Less: accumulated depreciation	<u>(1,327,748)</u>	<u>(1,261,419)</u>
TOTAL	<u>\$ 903,887</u>	<u>\$ 970,216</u>

Depreciation expense was \$66,330 and \$68,816 for the years ended December 31, 2018 and 2017, respectively.

NOTE E—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, 2018 and 2017, 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, 2018 and 2017

NOTE F—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 G—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, 2018, the accumulated depreciation on the copier was \$1,464. 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, 2018, the accumulated depreciation on the copier was \$4,989. The copier will be depreciated over five years.

The future minimum lease payments as of December 31, 2018 are as follows:

<u>Year Ending</u> <u>December 31</u>	
2019	\$ 1,684
2020	1,050
2021	<u>755</u>
	<u>\$ 3,489</u>

Interest paid on the leases was \$363 and \$516, respectively, for the years ended December 31, 2018 and 2017.

NOTE H—RELATED-PARTY TRANSACTIONS

Almost Home is a general partner in Almost Home Permanent Housing, L.P. Accounts receivable of \$337,995 and \$294,076 at December 31, 2018 and 2017, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$255,136 and \$211,217 at December 31, 2018 and 2017, respectively, are due for operating expenses and \$82,859 is an advance from the General Partner.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE I—BOARD-DESIGNATED NET ASSETS

Board-designated net assets consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Operations—special projects	\$ 135,437	\$ 89,026

NOTE J—DONOR RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Program	\$ 54,926	\$ 84,105
Capital purchases	-	26
Scholarships	25,714	20,139
Alumni support	22,806	24,469
GED classes	<u>6,033</u>	<u>2,775</u>
TOTAL	<u>\$ 109,479</u>	<u>\$ 131,514</u>

NOTE K—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, 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.

NOTE L—CONCENTRATION OF SUPPORT RISK

The Organization receives support from various sources. For 2018 and 2017, 34 percent and 35 percent, respectively, of the Organization's support was from a single source.

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NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2018 and 2017

NOTE M—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.

NOTE N—RECLASSIFICATION

As of December 31, 2017, certain balances have been reclassified for comparative purposes.