

ALMOST HOME

FINANCIAL STATEMENTS

December 31, 2019 and 2018



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2019 and 2018, 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, 2019 and 2018, 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.

TBD

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STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 614,598	\$ 638,670
Investments (Note C)	5,933	-
Accounts receivable (Note D)	233,747	209,403
Accounts receivable - Almost Home		
Permanent Housing, L.P.	270,083	255,136
Prepaid expenses	215	11,052
Property, plant, and equipment—net (Note E)	870,227	903,887
Other investments		
Almost Home Permanent Housing, L.P. (Note F)	234,614	234,613
Other assets	<u>-</u>	<u>2,453</u>
TOTAL ASSETS	<u>\$ 2,229,417</u>	<u>\$ 2,255,214</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 25,649	\$ 21,344
Lease payable (Note H)	<u>2,097</u>	<u>3,635</u>
TOTAL LIABILITIES	<u>27,746</u>	<u>24,979</u>
Net assets		
Without donor restrictions	1,986,128	1,985,319
Board designated (Note J)	106,660	135,437
With donor restrictions (Note K)	<u>108,883</u>	<u>109,479</u>
TOTAL NET ASSETS	<u>2,201,671</u>	<u>2,230,235</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,229,417</u>	<u>\$ 2,255,214</u>

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STATEMENTS OF ACTIVITIES

For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Participant fees	\$ 2,225	-	\$ 2,225	\$ 2,480	-	\$ 2,480
Government grants and fees	301,925	-	301,925	313,601	-	313,601
United Way	91,022	-	91,022	93,867	-	93,867
Donations, net of direct donor benefits and special event expenses of \$37,920 and \$26,417 in 2019 and 2018 respectively.	330,553	\$ 1,150	331,703	364,961	\$ 28,602	393,563
Interest	796	-	796	992	-	992
Donations in-kind	69,467	-	69,467	51,037	-	51,037
	795,988	1,150	797,138	826,938	28,602	855,540
Net assets released from restrictions						
Satisfaction of program restrictions	1,746	(1,746)	-0-	50,637	(50,637)	-0-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	1,746	(1,746)	-0-	50,637	(50,637)	-0-
TOTAL SUPPORT AND REVENUE	797,734	(596)	797,138	877,575	(22,035)	855,540
Expenses						
Program services	604,562	-	604,562	688,875	-	688,875
Management and general	130,601	-	130,601	148,326	-	148,326
Fundraising	90,562	-	90,562	101,312	-	101,312
TOTAL EXPENSES	825,725	-	825,725	938,513	-	938,513
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	(27,991)	(596)	(28,587)	(60,938)	(22,035)	(82,973)
Other Changes						
Unrealized gain on investment	23	-	23	-	-	-0-
TOTAL OTHER CHANGES	23	-	23	-	-	-0-
CHANGES IN NET ASSETS	(27,968)	(596)	(28,564)	(60,938)	(22,035)	(82,973)
Net Assets, Beginning of Year	2,120,756	109,479	2,230,235	2,181,694	131,514	2,313,208
NET ASSETS, END OF YEAR	\$ 2,092,788	\$ 108,883	\$ 2,201,671	\$ 2,120,756	\$ 109,479	\$ 2,230,235

See notes to financial statements.

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STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2019 and 2018

	2019				2018			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	-	\$ 1,235	-	\$ 1,235	-	\$ 2,638	-	\$ 2,638
Interest expense	\$ 535	115	\$ 115	765	\$ 254	56	\$ 53	363
Food	27,450	-	-	27,450	35,946	-	-	35,946
Supplies	1,788	37	18	1,843	10,069	210	115	10,394
Fundraising	-	-	10,811	10,811	-	-	4,356	4,356
Dues and subscriptions	1,076	231	231	1,538	1,002	221	208	1,431
Utilities	33,130	2,234	1,861	37,225	35,713	2,448	1,883	40,044
Technology	2,364	730	382	3,476	5,988	1,907	976	8,871
Childcare services	8,270	-	-	8,270	12,366	-	-	12,366
Miscellaneous	7,872	1,125	375	9,372	7,516	1,074	358	8,948
Postage and office supplies	5,184	1,111	1,111	7,406	3,427	758	711	4,896
Insurance	34,444	3,735	3,320	41,499	23,170	2,573	2,199	27,942
Repairs and maintenance	38,139	1,640	1,230	41,009	23,359	1,009	698	25,066
Salaries and payroll taxes	256,254	64,063	56,527	376,844	312,859	76,781	69,696	459,336
Donation in-kind	58,650	6,517	-	65,167	45,930	5,107	-	51,037
Benefits	9,131	2,148	2,148	13,427	21,172	5,114	4,922	31,208
Education	1,524	167	167	1,858	10,962	1,243	1,171	13,376
Transportation	4,466	-	-	4,466	14,158	-	-	14,158
Taxes and licenses	-	825	-	825	-	(373)	-	(373)
Professional fees	58,232	42,554	11,199	111,985	62,337	45,041	12,584	119,962
CEO program expense	-	-	-	-0-	218	-	-	218
Depreciation	56,053	2,134	1,067	59,254	62,429	2,519	1,382	66,330
TOTAL FUNCTIONAL EXPENSES	\$ 604,562	\$ 130,601	\$ 90,562	\$ 825,725	\$ 688,875	\$ 148,326	\$ 101,312	\$ 938,513

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STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (28,564)	\$ (82,973)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,254	66,330
Unrealized gains on investments	(23)	-
Changes in:		
Accounts receivable	(39,292)	(131,660)
Prepaid expenses and other assets	13,290	4,482
Accounts payable and other liabilities	<u>2,767</u>	<u>(21,147)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>7,432</u>	<u>(164,968)</u>
Cash Flows from Investing Activities		
Investment activity, net	(5,910)	-
Property and equipment—net	<u>(25,594)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(31,504)</u>	<u>-</u>
NET DECREASE IN CASH	(24,072)	(164,968)
Cash and Cash Equivalents, Beginning of Year	<u>638,670</u>	<u>803,638</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 614,598</u>	<u>\$ 638,670</u>
Interest Paid	<u>\$ 765</u>	<u>\$ 363</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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.

Investments

Investments are reported at market value. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end value fluctuations.

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.

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NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2019 and 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsequent Events

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

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses and has drastically affected the financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the continued effect on the markets. Therefore, the Organization expects this matter may negatively impact its grant and contribution income. The related financial impact and duration cannot be reasonably estimated at this time

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019, 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, 2019, 2018, and 2017, are subject to examination by the IRS, generally three years after they were filed.

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 \$69,467 and \$51,037 were received during the years ended December 31, 2019 and 2018, 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>2019</u>
Cash and cash equivalents	\$ 614,598
Investments	5,933
Accounts receivable	233,747
Line of credit	<u>90,000</u>
Less accrued expenses	(27,746)
Less with donor restrictions	<u>(108,883)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 807,649</u>

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

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

NOTE C—INVESTMENTS

The Organization adopted FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the levels in the fair value hierarchy of the Organization’s investments at December 31, 2019:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 5,027	-	\$ 5,027
Income stock	906	-	906
Real estate (Note F)	-	\$ 234,613	234,613
	<u>\$ 5,933</u>	<u>\$ 234,613</u>	<u>\$ 240,546</u>

The composition of the investment return included in the Statements of Activities is as follows for the year ended December 31, 2019:

Unrealized gain on investment	<u>\$ 23</u>
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NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2019 and 2018

NOTE D—ACCOUNTS RECEIVABLE

As of December 31, accounts receivable consisted of:

	<u>2019</u>	<u>2018</u>
St. Louis County	\$ 140,004	\$ 104,273
United Way	91,022	93,867
Other	-	11,031
CACFP	<u>2,721</u>	<u>232</u>
TOTAL	<u>\$ 233,747</u>	<u>\$ 209,403</u>

NOTE E—PROPERTY, PLANT, AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 46,763	\$ 46,763
Buildings	1,781,784	1,775,057
Furniture and equipment	180,866	166,299
Land improvements	202,354	202,354
Automobiles	<u>45,462</u>	<u>41,162</u>
	2,257,229	2,231,635
Less: accumulated depreciation	<u>(1,387,002)</u>	<u>(1,327,748)</u>
TOTAL	<u>\$ 870,227</u>	<u>\$ 903,887</u>

Depreciation expense was \$59,254 and \$66,330 for the years ended December 31, 2019 and 2018, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

NOTE F—INVESTMENT IN PARTNERSHIP

Almost Home is the General Partner of Almost Home Permanent Housing, L.P. (the Partnership), which owns and operates an apartment building used as transitional housing for women. During the construction of the transitional housing, certain transactions occurred between the Partnership and Almost Home. The investment in the Partnership is accounted for using the cost method on the Statement of Financial Position of Almost Home.

Effective December 31, 2019, Almost Home became the 100% investor in Almost Home Permanent Housing, L.P. Prior to December 31, 2019, a bank (99.99%) and its affiliate were the limited partners, with Almost Home invested at 0.01%. The limited partners transferred and assigned their Partnership interest in exchange for \$1 as of December 31, 2019, making Almost Home both the General Partner and sole investor in the Partnership.

As of December 31, 2019 and 2018, the Investment in Partnership consisted of:

Cash advances to the Partnership	\$ 82,859
Cash contributed to Partnership	45,572
Land contributed to Partnership	61,754
Expenses paid during construction	<u>44,429</u>
TOTAL	<u>\$ 234,614</u>

NOTE G—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 H—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, 2019, the accumulated depreciation on the copier was \$2,085. 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, 2019, the accumulated depreciation on the copier was \$5,074. The copier will be depreciated over five years.

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NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

NOTE H—LEASE PAYABLE (Continued)

The future minimum lease payments as of December 31, 2019 are as follows:

<u>Year Ending December 31</u>		
2020	\$	959
2021		<u>348</u>
	\$	<u>1,307</u>

Interest paid on the leases was \$357 and \$363, respectively, for the years ended December 31, 2019 and 2018.

NOTE I—RELATED-PARTY TRANSACTIONS

Almost Home is the general partner (100%) in Almost Home Permanent Housing, L.P. Accounts receivable of \$270,084 and \$337,995 at December 31, 2019 and 2018, respectively, is due from Almost Home Permanent Housing, L.P. for expenses paid and a general partner advance. Of these amounts, \$352,943 and \$255,136 at December 31, 2019 and 2018, respectively, are due for operating expenses and \$82,859 is an advance from the General Partner.

NOTE J—BOARD-DESIGNATED NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Operations—special projects	<u>\$ 106,660</u>	<u>\$ 135,437</u>

NOTE K—DONOR RESTRICTED NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Program	\$ 60,363	\$ 54,926
Scholarships	22,939	25,714
Alumni support	22,806	22,806
GED classes	<u>2,775</u>	<u>6,033</u>
TOTAL	<u>\$ 108,883</u>	<u>\$ 109,479</u>

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NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2019 and 2018

NOTE L—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 M—CONCENTRATION OF SUPPORT RISK

The Organization receives support from various sources. For 2019 and 2018, 35 percent and 34 percent, respectively, of the Organization's support was from a single source.

NOTE N—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.