



COMMUNITY HOUSING COALITION OF MADISON COUNTY, INC.

June 30, 2014
Marshall, NC

COMMUNITY HOUSING COALITION OF MADISON COUNTY, INC.

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Accountant's Report

To the Board of Directors of
Community Housing Coalition of Madison County, Inc.
Asheville, NC

We have reviewed the accompanying statements of financial position of Community Housing Coalition of Madison County, Inc. (a non-profit organization) as of June 30, 2014, and the related statements of activities, cash flows and functional expenses for the years then ended.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The prior year summarized comparative information has been derived from the 2013 financial statements of the Community Housing Coalition of Madison County, Inc.. The 2013 financial statements were audited by another accounting firm whose report dated February 24, 2014 expressed an unmodified opinion on those financial statements.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Elizabeth Keel Gomes, pllc
Asheville, NC
March 16, 2015

Elizabeth Keel Gomes, pllc

Community Housing Coalition of Madison County, Inc.
 Statements of Financial Position
 June 30, 2014 with comparative information for 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 57,841	\$ 34,044
Accounts receivable	-	-
Prepaid expenses	-	-
Current assets	<u>57,841</u>	<u>34,044</u>
Property, net of depreciation	7,603	7,775
Cash and marketable securities held for investment	-	-
Other assets, net of amortization	325	-
	<u><u>65,769</u></u>	<u><u>41,819</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Trade accounts payable	-	362
Current portion of long term debt	-	-
Current liabilities	<u>-</u>	<u>362</u>
Long term debt	<u>-</u>	<u>-</u>
Deferred inflows of cash	<u>-</u>	<u>-</u>
Net assets		
Unassigned net assets	15,972	7,897
Assigned net assets	-	-
Temporarily restricted net assets	<u>49,797</u>	<u>33,560</u>
Net assets	<u>65,769</u>	<u>41,457</u>
	<u><u>\$ 65,769</u></u>	<u><u>\$ 41,819</u></u>

Community Housing Coalition of Madison County, Inc.
 Statements of Activities
 For the year ended June 30, 2014 with comparative totals for 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
Revenue and public support				
Contributed materials and services	\$ 216,861	\$ -	\$ 216,861	\$ 188,048
Contributions from the general public	33,775	86,595	120,370	58,154
Federal government awards	-	32,260	32,260	38,514
Local government awards	-	2,500	2,500	-
Interest income	-	-	-	-
Fundraising revenue	-	-	-	-
	<u>105,118</u>	<u>(105,118)</u>	<u>-</u>	<u>-</u>
	<u>355,754</u>	<u>16,237</u>	<u>371,991</u>	<u>284,716</u>
Expenses				
Program	299,901	-	299,901	256,693
Administrative	46,683	-	46,683	40,535
Fundraising	1,095	-	1,095	-
	<u>347,679</u>	<u>-</u>	<u>347,679</u>	<u>297,228</u>
Changes in net assets	8,075	16,237	24,312	(12,512)
Beginning net assets	7,897	33,560	41,457	53,969
Ending net assets	<u>\$ 15,972</u>	<u>\$ 49,797</u>	<u>\$ 65,769</u>	<u>\$ 41,457</u>

The accompanying notes are an integral part of these financial statements.

Community Housing Coalition of Madison County, Inc.
 Statements of Functional Expenses
 For the year ended June 30, 2014 with comparative totals for 2013

	<u>2014</u>	<u>2013</u>
Program expenses		
Program salaries	\$ 28,515	\$ 42,837
Direct construction costs	56,771	63,328
Educational materials	7,048	5,129
Contracted services	207,567	169,731
	<u>299,901</u>	<u>281,025</u>
Administrative expenses		
Administrative salaries	28,515	-
Facilities maintenance	3,344	-
Depreciation	172	86
Utilities	900	-
Travel	3,486	1,683
Insurance costs	1,367	-
Office operations	1,976	1,852
Professional fees	6,923	11,093
	<u>46,683</u>	<u>14,714</u>
Fundraising expenses		
Salaries	-	-
Publicity and advertising	1,095	-
	<u>1,095</u>	<u>-</u>
	<u>\$ 347,679</u>	<u>\$ 295,739</u>

The accompanying notes are an integral part of these financial statements.

Community Housing Coalition of Madison County, Inc.
 Statements of Cash Flows
 For the year ended June 30, 2014 with comparative totals for 2013

	<u>2014</u>	<u>2013</u>
Gain (loss) resulting from operations	\$ 24,312	\$(12,512)
Adjustments to reconcile changes in net assets to net cash provided by operations:		
Depreciation	172	86
(Increase) decrease in accounts receivable	-	250
Increase (decrease) in payroll taxes payable	(362)	362
Increase (decrease) in deferred revenue	-	-
Cash flow provided by operations	<u>24,122</u>	<u>(11,814)</u>
 Cash flows from investing activities		
Purchase of equipment	-	(861)
Payments of operating deposits	325	-
Cash flow from investing activities	<u>325</u>	<u>(861)</u>
 Cash flows from financing activities		
Proceed from long term debt	-	-
Disposition of property	-	-
Payments of principal	-	-
Cash flow from financing activities	<u>-</u>	<u>-</u>
 Net cash flow from all activities	23,797	(12,675)
 Beginning cash and cash equivalents	34,044	46,719
Ending cash and cash equivalents	<u>\$ 57,841</u>	<u>\$ 34,044</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Housing Coalition of Madison County, Inc. (the Coalition) is a private nonprofit organization founded in 1992 and organized as a 501(c) (3). The Coalition was formed to promote and facilitate healthy, safe, and affordable housing through advocacy, education, and resource development for the residents of Madison County, North Carolina by performing home repair and rehabilitation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as codified. 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 Coalition and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and are expendable resources that are currently available at the discretion of the Coalition.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Coalition and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions requiring that the asset be maintained permanently by the Coalition. Generally, the donors of these assets permit the Coalition to use all or part of the income earned on investments related to these assets.

Contributions

The Coalition is primarily funded by governmental and foundation grants. Those grants as well as contributions from the general public, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Support restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Grant Revenue

Grant revenue on cost reimbursement grants or contracts is recognized when the Coalition requests reimbursements from the granting agency after the program expenditures have been incurred. As such, the coalition recognized revenue and records a receivable for the reimbursement amount from the granting agency.

Donated Materials and Services

The coalition receives donated materials and services. Donated materials of \$38,161 were used in housing rehabilitation or urgent repair services during the year ending June 30, 2014 and were recorded at the fair market value on the date of receipt. Donated services from its volunteers are from volunteer groups who carry out the coalition's mission. These hours are tracked and are valued at an average of \$12 per hour. This estimate is considered a conservative estimate by the coalition. The coalition estimates the value of the contributed services to be approximately \$178,700 for the year ended June 30,

2014. These amounts have been reflected in the financial statements for these donated materials and services since they meet the criteria for recognition under current accounting standards.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents and accounts payable approximate fair value due to the short term maturity of these instruments.

Cash Equivalents

For purposes of the statement of cash flows, the Coalition considers all cash and highly liquid investments with initial maturities of three months or less to be cash equivalents. Restricted cash is presented separately from operating cash.

Property

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes over an estimated useful life of five years.

Capitalization Policy – Furniture and Equipment: For purchases of Coalition personal property, e.g. furniture or equipment, the Board has set a threshold of \$500 for the capitalization of property. This means that all purchases less than \$500 are expensed even if the small asset will benefit the Coalition for more than one operating period.

Capitalization Policy – Real Property: The capitalization threshold does not apply to real estate. All costs associated with the purchases of real property must be approved by the Board and recorded from settlement statements on the date of acquisition.

Income Taxes

The Coalition was established in 1978 receiving its determination of exempt status from income taxes under Internal Revenue Code Section 501(c)(3). As a publicly supported charity, the Coalition is exempt from federal and state income taxes, and federal excise taxes under Section 509(a)(1). Current accounting standards clarify that tax positions meeting a recognition threshold of "more-likely-than-not" be measured and recognized in the financial statements of all entities, including nonprofit organizations. The Coalition has determined that it does not have material unrecognized tax benefits or obligations as of June 30, 2014.

Property Taxes

The Coalition has applied for and been approved for exempt status before the Buncombe County Tax Collector's Office and is exempt from property tax.

Unemployment Taxes

The Coalition is exempt from participation in North Carolina's unemployment insurance pool because it does not have more than four employees in any one calendar quarter during the fiscal year. As a result, employees are ineligible for unemployment claims before the Division of Employment Security that is now a division of the North Carolina Department of Commerce.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Coalition's various programs and supporting services have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific area are assigned directly to that functional area. Accordingly, costs that apply to more than one functional area have been allocated among the programs and supporting services benefited. Allocation of taxes and

benefits are calculated based on program and administrative salaries. The Coalition did not incur fundraising expenses during June 30, 2014.

NOTE 2. DETAIL NOTES ON ALL FUNDS

Cash

At June 30, 2014, the Coalition had deposits with financial institutions with a carrying amount of \$57,841 held for operations. The Coalition had deposits with financial institutions at year end in the amount of \$57,217 which were insured by the Federal Deposit Insurance Corporation. During the operating year, bank account balances are at risk were they to exceed the \$250,000 per institution limit for insurance under regulations established for the Federal Deposit Insurance Corporation.

Property

In 2009, approximately one acre of raw land was donated to the Coalition, valued at \$7,000 on the date of the donation. The Coalition holds small equipment, not significant to financial reporting and almost fully depreciated.

Schedule of property and equipment at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets not being depreciated		
Land	\$ <u>7,000</u>	\$ <u>7,000</u>
Assets being depreciated		
Computer equipment	\$ 861	\$ 861
Less accumulated depreciation	(258)	(86)
	<u>\$ 603</u>	<u>\$ 775</u>

NOTE 3. RESTRICTIONS OF NET ASSETS

Temporarily restricted net assets at June 30, 2014 and 2013 consist of:

	<u>2013</u>	Restricted Donations	Released from Restrictions	<u>2014</u>
Community Foundation of WNC	\$ 8,135	\$ 7,245	\$ 15,380	\$ -
Sisters of Mercy	14,565	25,000	26,417	13,148
Madison County Challenge	9,700	-	9,700	-
Madison Co Community Found.	1,000	-	-	1,000
Madison County	-	2,500	2,500	-
United Way	160	2,100	1,177	1,083
Fore Residence	-	1,000	1,000	-
Beulah Payne	-	450	450	-
Bonner Scholars	-	300	118	182
HOME Funds	-	32,260	12,325	19,935
URP 13	-	50,500	36,051	14,449
	<u>\$ 33,560</u>	<u>\$ 121,355</u>	<u>\$ 105,119</u>	<u>\$ 49,797</u>

NOTE 4. CONCENTRATIONS OF SUPPORT

Public support and revenues for the year ended June 30, 2014 and 2013 include revenues from a limited number of sources that are scheduled in Note 3. In addition, large pools of volunteers come from a small number of nonprofit organizations and teams of individuals.

It is possible that support from these funding sources could be significantly reduced or terminated as there is no obligation for the contributing individuals or entities to continue their support. Were the individuals or organizations to terminate their support, the result could have a severe impact on the Coalition's ability to continue operations. Apart from the fact that there is no obligation on the part of the contributor, the Coalition has no knowledge nor does it expect that donors will significantly change their support in the future.

NOTE 5. SUBSEQUENT PERIOD

The Coalition evaluated the effect subsequent events would have on the financial statements through March 10, 2015, which is the date the financial statements were available to be issued.

NOTE 6. CONCENTRATIONS OF RISKAward Compliance

The Coalition has received proceeds from private awards. To the extent that these awards have expectations of compliance, the Coalition is at risk of unexpected costs rising from periodic reviews or audits on the part of the grantor.

The Coalition has received awards from government units that may be subject to independent audits under the Office of Management and Budget circular A-133, Audits of states, Local Governments, and Non-Profit Organizations. These units will monitor Coalition awards, including both a financial and program review.

Such audits, reviews or monitoring work could result in the refund or grant moneys to the grantor agencies. Management believes there is minimal risk of refunds under these circumstances. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Contingent Contractual Obligation

Cash is sometimes restricted by donors. The Coalition is required to honor donor restrictions when they are relevant to a contribution.

Use of Credit

The Coalition does not have a credit policy. The Board uses its discretion when making decisions to accept credit risk.

Tax Positions

The organizational returns of the Coalition for fiscal years ending on or after June 30, 2011 remain subject to examination by federal and state tax authorities.